DF Deutsche Forfait AG

Annual Report for the fiscal year

1 January to 31 December 2019

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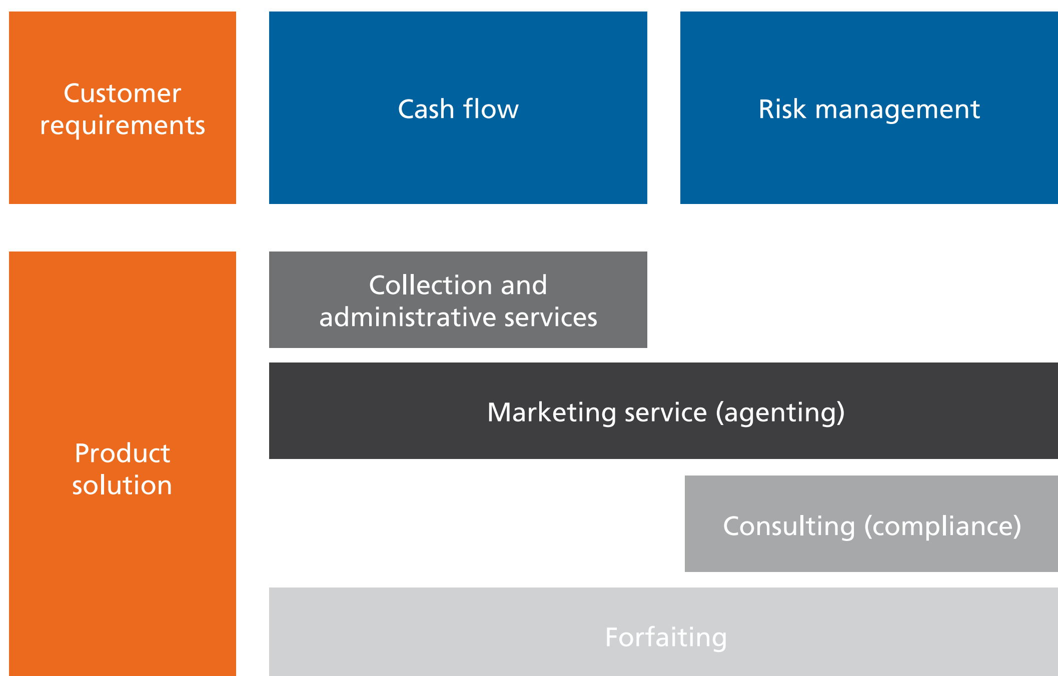
1. FUNDAMENTALS OF THE GROUP

a) Business model of the Group

DF Group is a specialist for foreign trade finance and related services. The customers of DF Group are exporters, importers and other financial companies. DF Group currently specializes in the countries of the Near and Middle East, with the main focus on Iran. With respect to trade with Iran, DF Group has focused its activities to humanitarian goods since the summer of 2018 for business policy reasons. DF Group's product portfolio is tailored to the geographic focus and specific customer needs. Besides the collection of foreign trade receivables and the processing of payments, DF Group also offers compliance consulting services in the context of which the company markets its countryspecific know-how, its network as well as its compliance expertise. In addition, DF Group provides marketing services. In this context, DF Group – after having carried out its own compliance check – brokers transactions relating to the food and medical sectors to its strategic partners for further processing. While forfaiting and purchase commitments are also part of the product portfolio, they currently play only a minor role. In contrast to forfaiting and purchase commitments, DF Group assumes no credit risk whatsoever in connection with the other services provided.



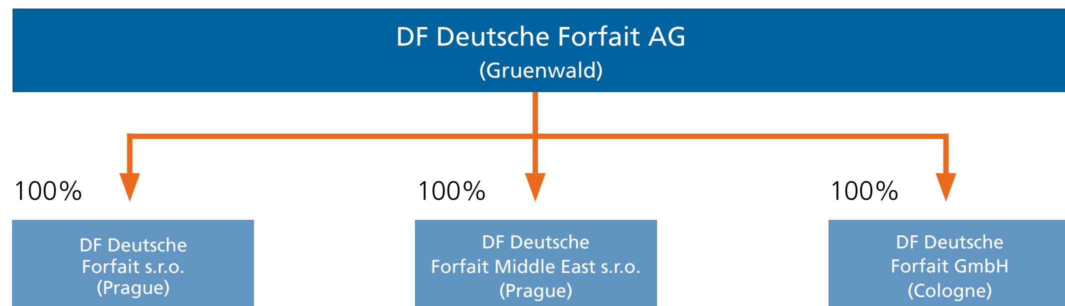
DF Group generally originates business through its own sales force or through agents or strategic partners in the country of the importer.

DF Group intends to also conclude forfaiting transactions again in the short to medium term. To finance these transactions and to finance projects in the future, DF Group has initiated a certificates structure in Luxembourg that is not affiliated with DF Group under company law and, in its present form, is not subject to consolidation. By subscribing to certificates ("bonds"), investors can participate in the performance of previously defined foreign trade receivables.

Structure of DF Group

DF Deutsche Forfait AG ("DF AG" or "company") headquartered in Grünwald near Munich is the holding company and ultimate parent of DF Group. DF AG has three operating subsidiaries, namely DF Deutsche Forfait GmbH in Cologne, Germany ("DF GmbH"), DF Deutsche Forfait s.r.o. ("DF s.r.o.") as well as DF Deutsche Forfait Middle East s.r.o. ("DF ME s.r.o.") in Prague, Czech Republic. Deutsche Kapital Ltd. in Dubai ("DKL") is currently being liquidated.

Main companies



DF GmbH focuses its products, which mainly consist of marketing services and the collection of foreign trade receivables as well as consulting services, on the Near and Middle East. In addition, the company provides services to other DF Group entities. These include, among other things, accounting, contract management, compliance, sales and risk management.

The subsidiaries in Prague are involved in back office tasks for individual transactions, e.g. the granting of loans, the purchase and sale of promissory notes or debt collection activities, when required, and just like DF GmbH, manage their own trading book for this purpose. DF ME s.r.o. focuses on transactions in the Near and Middle East, especially Iran, and offers primarily services for the processing of payment transactions. DF s.r.o. covers the remaining geographies with a focus on emerging markets.

Employees: Slightly reduced headcount

In the financial year 2019, DF Group employed an average of 27 people, including the Board of Management (previous year: 29 people).

b) Objectives and strategies

Strategic corporate objectives

Having successfully returned to profitability in the financial year 2019, DF Group now aims to maintain this profitability on a sustainable basis so as to be an attractive partner for equity and debt capital providers. Sustainable profitability is to be achieved through the successful marketing of DF Group's know-how and network in the market for foreign trade finance and related services, especially in the geographic target region of the Near and Middle East.

DF Group's strategy rests on three pillars:

Geographically, DF Group focuses on the Near and Middle East, with the main emphasis on Iran. In trade with Iran, DF Group focuses on food and medicine. In this humanitarian sector, demand for DF Group's products and services is still high. To reduce the dependence on a single market, DF Group plans to use the funds generated through its return to profitability for geographical diversification and for expanding the product portfolio. The geographical focus remains on the countries of the Near and Middle East. This means that part of the existing

expertise and network can be used when entering a new market, which significantly reduces the risk of failure. DF Group believes that this is particularly true for the geographical expansion into Turkey, which was started in mid-2019, as well as the planned market entry in Iraq. By concentrating on a geographic region and a few selected countries, DF Group expects to benefit from economies of scale. This applies in particular with regard to countryspecific know-how in connection with increasingly more complex compliance checks.

The product portfolio continues to be geared to customer and market requirements. In addition to the established administrative and collection services, the new marketing services were launched very successfully in 2019. The planned entry into project financing will add a further service to DF Group's portfolio. More forfaiting business is planned for the medium term. At present, however, the achievable margins are usually insufficient. DF Group has initiated the establishment of a certificates structure in Luxembourg, primarily for the planned expansion of the forfaiting business but also as a source of finance for project financing. Finally, DF Group has invested many resources in setting up and expanding a compliance system over the past years. DF Group markets the acquired compliance know-how by offering corresponding consulting services.

Strategic partnerships are the third pillar of DF Group's strategy. In Iran, DF Group benefits from the cooperation with Saman Bank and its local network and know-how, especially with regard to the development of the local market and the settlement of transactions. DF Group strives for long-term partnerships also with other banking partners whose respective strengths ideally complement the strengths of the Group. Wellestablished processes are a great advantage, especially with regard to the speed of transaction processing.

c) Controlling system

DF Group controls its business via the acquired business volume. The latter is defined as the sum total of the nominal values of all collection, administrative and marketing service transactions closed in a reporting period as well as the nominal values of all forfaiting transactions and purchase commitments closed in a reporting period. In addition to the business volume, the gross result is an important performance indicator for DF Group. The gross result is derived from the business volume and the average margin. The latter includes commission income from the collection, administrative and marketing services, the difference between the purchase and the sales price of the respective receivable and, if the receivable is held in the company's

own portfolio, current interest income. In its internal reporting system, DF Group uses earnings before taxes as a performance indicator. The above performance indicators are monitored through monthly standardized reports, which are submitted to the Supervisory Board. In addition, a weekly report on the transactions concluded and the income generated is submitted to the Board of Management.

Moreover, DF Group bases its external reporting on the equity capital as well as the consolidated net income.

2. ECONOMIC REPORT

a) Macroeconomic and industry-related environment

According to estimates published by the International Monetary Fund (IMF) in January 2020, the world economy grew by 2.9% in 2019. This positive trend was supported by both the industrialized countries (+1.7%) and the emerging and developing countries (+3.7%). In the group of the industrialized countries, the USA were one of the growth drivers with an increase in economic output of 2.3%. The eurozone's gross domestic product (GDP) grew by a moderate 1.2%. At 0.5%, economic growth in Germany was below average. There were partly quite considerable differences between the emerging and developing countries. At 0.8%, economic growth in the Middle East (including Central Asia) in 2019 was below the previous year's level (+1.9%). Iran, which is an important target region for DF Group, was marked by geopolitical tensions last year. According to IMF estimates from October 2019, not least the withdrawal of the USA from the international nuclear deal with Iran and the reintroduction of stricter economic sanctions led to a 9.5% decline in GDP for the year 2019 as a whole.

The global trade volume increased by 1.0% last year and thus remained significantly below the growth of the previous year (+3.7%), according to the IMF. While financial conditions continued to have a positive effect, global trade flows were adversely affected not least by the US trade conflicts with numerous countries around the world, especially China, as well as by concerns about a no-deal Brexit and other geopolitical uncertainties. According to IMF experts, the trade volume increased by 1.3% in the industrialized countries and by 0.4% in the emerging and developing countries.

A foreign trade finance provider such as DF Group is generally dependent on global economic developments and trade volumes. Because of DF Group's specialization in a niche market in the Near and Middle East, there is no direct dependence on global economic developments. Due to the concentration on basic humanitarian supplies, even the indirect dependence on economic developments in the target region is limited.

b) Business performance

i. Results of operation

In the financial year 2019, DF Group generated a positive consolidated result of EUR 3.2 million (previous year: EUR -1.8 million).

The noticeable improvement in earnings is attributable to a strong increase in the business volume from EUR 75.2 million to EUR 187.2 million and a rise in income. The increased business volume was primarily driven by the marketing services launched in the financial year 2019 with a share of EUR 160.8 million and the earnings generated thereof. The gross result amounted to EUR 11.1 million, up from EUR 0.6 million in the previous year. The improved gross result is primarily attributable to the significant increase in commission income, which rose from EUR 2.4 million in the previous year to EUR 12.0 million. Commission income in the financial year 2019 resulted almost entirely from the new operating business. Commission income for the collection of creditor assets played only a minor role. Exchange gains and losses of EUR 0.3 million each almost balanced each other out and are just as much related to the collection of creditor assets as the forfaiting expenses of EUR 0.4 million (previous year: EUR 2.3 million) resulting from the fair value measurement of these assets.

Other operating income dropped sharply from EUR 3.0 million in the previous year to EUR 0.9 million. Other operating income also includes the counteritem of the fair value measurement of the creditor assets. Lower forfaiting expenses therefore also lead to lower other operating income.

Administrative expenses consisting of personnel expenses, depreciation/amortization and other operating expenses amounted to EUR 6.1 million (previous year: EUR 5.4 million). Personnel expenses rose from EUR 2.3 million in the previous year to EUR 2.6 million in the financial year 2019. The increase is primarily attributable to the bonuses received by the Board of

Management. Depreciation and amortization increased to EUR 0.17 million (previous year: EUR 0.08 million). Other operating expenses amounted to EUR 3.3 million (previous year: EUR 3.0 million) and include one-time expenses for employee severance payments in the amount of EUR 0.49 million as well as legal expenses for the collection of receivables of the assets designated under the insolvency plan in the amount of EUR 0.24 million, which are covered from the sales proceeds. The corresponding counter-item is included in other operating income. In addition, other operating expenses include expenses for cooperation partners in the amount of EUR 0.27 million, legal and consulting expenses of EUR 1.09 million, insurances, fees and contributions of EUR 0.19 million, the cost of premises in the amount of EUR 0.11 million as well as expenses for investor relations including the Annual General Meeting in the amount of EUR 0.14 million.

The financial result, which is composed of interest income and interest expenses, amounted to EUR -0.1 million in the financial year 2019 (previous year: EUR -0.03 million). This item includes negative interest for the maintenance of bank accounts and the interest on the loan granted by the majority shareholder of DF AG to DF GmbH.

On balance, consolidated net income clearly exceeded the company's expectations at the beginning of the financial year.

ii. Financial position

In the financial year 2019, DF Group generated an operating cash flow of EUR 6.5 million (previous year: EUR -2.4 million). The positive operating cash flow is primarily attributable to the positive business performance and the resulting consolidated net income of EUR 3.2 million. Cash flow from investing activities amounted to EUR -0.32 million (previous year: EUR -0.14 million). Cash flow from financing activities stood at EUR 15.0 million in the financial year 2019 (previous year: EUR 0.0 million). In accordance with its financial management objectives, DF Group was able to meet all payment obligations punctually in the past financial year.

DF Group's equity capital amounted to EUR 8.6 million as of 31 December 2019 (previous year: EUR 5.3 million). The equity ratio stood at 31.1% (previous year: 41.1%). The lower equity ratio is attributable to the increase in total assets. As at the balance sheet date, creditor liabilities amounted to EUR 1.0 million (previous year: EUR 6.2 million). The difference is mainly due to payments to creditors (EUR 5.6 million) as well as fair value adjustments.

As at the balance sheet date of 31 December 2019, DF Group had no liabilities to banks or credit lines with banks or other persons apart from the loan granted by the majority shareholder of DF AG.

iii. Net assets position

As at the balance sheet date of 31 December 2019, DF Group's assets totaled EUR 27.6 million (previous year: EUR 12.9 million). The increase in total assets is primarily attributable to the EUR 15 million loan raised by DF GmbH. Creditor assets moved in the opposite direction and declined from EUR 6.2 million in the previous year to EUR 1.0 million as at the balance sheet date of 31 December 2019. As a result of the positive business performance and the loan raised, cash and cash equivalents increased to EUR 24.7 million as of 31 December 2019 (previous year: EUR 3.6 million).

c) Financial performance indicators

The financial performance indicators of DF Group are:

- business volume
- gross result
- consolidated net income

The business volume is the nominal value of the transactions closed in a period as described in chapter 1. c. The company expects to again generate a business volume in the amount of EUR 300 million p.a. in the medium term once the measures described in chapter 1. b. "Objectives and strategies" have been implemented.

The gross result described in chapter 1. c. is another financial performance indicator. To reach break-even, income (gross result and other operating result) of more than EUR 4.0 million is required.

Consolidated net income is another important financial performance indicator. At EUR 3.2 million, the target of a positive consolidated net income was clearly reached in the financial year 2019.

d) Compensation report

Compensation of the Board of Management

Basic structure of the compensation system

The compensation of the Board of Management was composed of fixed compensation, fringe benefits and pension contributions.

The fixed compensation consisted of an annual salary paid in twelve equal monthly installments. In addition, the members of the Board of Management received certain fringe benefits, which are listed in the tables showing the individual compensation.

Individual compensation

The following tables show the benefits granted, the allocation of compensation and the service cost for pension provisions granted to each member of the Board of Management in accordance with Clause 4.2.5 (3) of the German Corporate Governance Code (as amended in February 2017):

Dr. Behrooz Abdolvand (Board of Management since 2017)						
	Benefits granted					
In EUR	**2018**	**2018 (Min)**	**2018 (Max)**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed compensation	183,333.34	183,333.34	183,333.34	213,333.32	213,333.32	213,333.32
Fringe benefits	5,294.95	5,081.40	5,081.40	5,819.11	5,819.11	5,819.11
Total	**188,628.29**	**188,414.74**	**188,414.74**	**219,152.43**	**219,152.43**	**219,152.43**
One-year variable compensation	0.00	0.00	270,000.00	153,721.00	0.00	270,000.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**188,628.29**	**188,414.74**	**458,414.74**	**372,873.43**	**219,152.43**	**489,152.43**
Pension-related payments	20,154.24	20,154.24	20,154.24	20,154.24	20,154.24	20,154.24
Total compensation	**208,782.53**	**208,568.98**	**478,568.98**	**393,027.67**	**239,306.67**	**509,306.67**

Christoph Charpentier (Board of Management since October 2016 until November 2019)						
	Benefits granted					
In EUR	**2018**	**2018 (Min)**	**2018 (Max)**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed compensation	180,000.00	180,000.00	180,000.00	165,000.00	165,000.00	165,000.00
Fringe benefits	5,332.87	5,332.87	5,332.87	5,177.74	5,177.74	5,177.74
Total	**185,332.87**	**185,332.87**	**185,332.87**	**170,177.74**	**170,177.74**	**170,177.74**
One-year variable compensation*	0.00	0.00	270,000.00	190,000.00	0.00	270,000.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**185,332.87**	**185,332.87**	**455,332.87**	**360,177.74**	**170,177.74**	**440,177.74**
Pension-related payments	20,154.24	20,154.24	20,154.24	18,474.72	18,474.72	18,474.72
Total compensation	**205,487.11**	**205,487.11**	**475,487.11**	**378,652.46**	**188,652.46**	**458,652.46**

* Severance payment

Gabriele Krämer (Board of Management since October 2016 until November 2019)						
	Benefits granted					
In EUR	**2018**	**2018 (Min)**	**2018 (Max)**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed compensation	180,000.00	180,000.00	180,000.00	165.000,00	165.000,00	165.000,00
Fringe benefits	4,808.59	4,808.59	4,808.59	4.747,68	4.747,68	4.747,68
Total	**184,808.59**	**184,808.59**	**184,808.59**	**169.747,68**	**169.747,68**	**169.747,68**
One-year variable compensation*	0.00	0.00	270,000.00	230,000.00	0.00	270,000.00
Multi-year variable compensation	0.00	0.00	0.00	0.00	0.00	0.00
Total	**184,808.59**	**184,808.59**	**454,808.59**	**399,747.68**	**169,747.68**	**439,747.68**
Pension-related payments	20,154.24	20,154.24	20,154.24	18,474.72	18,474.72	18,474.72
Total compensation	**204,962.83**	**204,962.83**	**474,962.83**	**418,222.40**	**188,222.40**	**458,222.40**

* Severance payment

Hans-Joachim von Wartenberg (Board of Management since December 2019)						
	Benefits granted					
In EUR	**2018**	**2018 (Min)**	**2018 (Max)**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed compensation				15,416.67	15,416.67	15,416.67
Fringe benefits				353.93	353.93	353.93
Total				**15,770.60**	**15,770.60**	**15,770.60**
One-year variable compensation				12,810.00	0.00	36,645.64
Multi-year variable compensation				0.00	0.00	0.00
Total				**28,580.60**	**15,770.60**	**52,416.24**
Pension-related payments				179.52	179.52	179.52
Total compensation				**28,760.12**	**15,950.12**	**52,595.76**

Fringe benefits: "job ticket", parking space, accident insurance, capital-forming payments, partial payment of health insurance

In addition to the fixed salary, the members of the Board of Management receive a performance bonus amounting to 4.5% of the consolidated net income if the latter reaches at least EUR 500,000.00. The performance-linked compensation is capped at 150% of the fixed salary. 50% of the performance-linked compensation is paid in cash, with the remaining 50% paid in stock options. Until a stock option program is adopted, the full performance bonus is paid in cash.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Ms Attawar, resigned with effect from 31 December 2015, Mr Franke, resigned with effect from 30 September 2013, and Mr Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital

payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods.

According to these pension benefit plans, the above members of the Board of Management receive a guaranteed old age pension from DF AG. The amounts are as follows:

- Ms Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Mr Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Mr Jochen Franke: One-time capital payment of EUR 147,244.00

In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:

- Insured annuity in the amount of EUR 15,247.40 or a one-time capital payment of EUR 273,572.00

DF AG has not granted loans to members of the Board of Management nor provided guarantees on their behalf. During the current and preceding financial years, the members of the Board of Management were not involved in transactions outside the normal course of business of DF Group or other transactions of unusual form or content. They were also not involved in any such unusual transactions in earlier preceding financial years that have not yet been finalized.

Members of the Board of Management did not receive compensation based on shares.

Supervisory Board compensation for the financial year 2019

Compensation for the Supervisory Board is governed by Section 12 of the DF AG Memorandum of Association. Members of the Supervisory Board receive a fixed annual compensation of EUR 13,000.00 in addition to the reimbursement of expenses incurred while meeting their responsibilities. The chairperson and deputy chairperson receive twice this amount. In addition, members of the Supervisory Board receive an attendance fee of EUR 500.00 for every Supervisory Board meeting they attend.

In the financial year 2019, compensation for all activities of all members of the Supervisory Board of DF AG was EUR 92,637.27. Individual compensation for members of the Supervisory Board for the financial year 2019 is listed in the table below (in EUR):

Name	Fixed compensation	Attendance remuneration	VAT 19%	Total
Franz Josef Nick	23,435.49	2,000.00	4,602.55	30,268.33
Dr. Ludolf von Wartenberg	26,000.00	2,500.00	5,415.00	33,915.00
Prof. Dr. Wulf-W. Lapins	13,000.00	2,500.00	2,945.00	18,445.00
Bianca Engel	6,410.95	2,000.00	1,598.08	10,009.03
Total	**68,846.44**	**9,000.00**	**14,790.83**	**92,637.27**

There are no service agreements between the members of the Supervisory Board and DF AG that provide for perks at the end of the term of service.

DF AG has not granted loans to members of the Supervisory Board nor provided guarantees or warranties on their behalf.

e) DF share and bond

Performance of the DF share in the financial year 2019

At the beginning of the year 2019, on 2 January, the DF share traded at EUR 0.13. Shortly thereafter, on 8 January, the share price dropped to EUR 0.12, which was the lowest level of the year. The share then recovered and stabilized at EUR 0.50. After the forecast for the full year 2019 was upgraded on 27 August, the share price rose sharply and reached its high for the year at EUR 2.34 on 18 September 2019. In the following months, the share price consolidated and closed at EUR 1.63 on 30 December 2019, which represented a very strong performance of 1,154% in the reporting period. The positive share price performance is primarily due to the significantly improved business performance and the resulting forecast upgrade for the full year 2019. Just like the market as a whole, benchmark indices such as the SDAX and the DAXsector Financial Services also performed positively in the past year. The SDAX increased by approx. 31% over the course of the year, while the DAXsector Financial Services gained 21% in 2019, mainly supported by the positive performance of its real estate shares.

Performance of the DF bond in the financial year 2019

The DF bond opened the year at 1.53% and climbed to 8.00% by 24 June 2019. Following the 5th payout by the trustee on 26 June 2019, the bond dropped sharply, however, and reached its low of 1.15% on 2 December. The bond closed the year at 1.45% and an annual performance of -5.23%. According to the insolvency plan of DF AG, the bond is repaid exclusively through the disbursement of the proceeds generated by DF AG from the sale of the assets attributable to the creditors ("creditor assets"). For the full year 2019, one payment was made in June.

3. REPORT OF THE BOARD OF MANAGEMENT ON THE DISCLOSURES PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE (HGB) AND SECTION 315A OF THE GERMAN COMMERCIAL CODE (HGB)

(1) Composition of the subscribed capital

On 31 December 2019, the company's subscribed capital amounted to EUR 11,887,483.00 and was divided into 11,887,483 no-par registered shares. There are no other share classes. Each share has one vote.

(2) Restrictions regarding voting rights or transfer of shares

The Board of Management is not aware of any restrictions related to exercising voting rights or the transfer of shares, including restrictions as a result of agreements between shareholders.

(3) Shares in the capital exceeding 10% of voting rights

The direct and indirect shares in the subscribed capital (shareholder structure) exceeding 10% of the voting rights are listed in the notes to the separate financial statements and the notes to the consolidated financial statements of the company for the financial year from 1 January 2019 to 31 December 2019. Dr. Shahab Manzouri held 79.14% of the company's shares as at the reporting date of 31 December 2019.

(4) Shares with special rights that confer control

There are no shares with special rights that confer control.

(5) Type of the verification of voting rights of employees that hold shares in a company and do not exercise their right of verification directly

There is no verification of the voting rights of employees that hold shares in the company and do not exercise their right of verification directly.

(6) Statutory regulations and provisions in the Memorandum of Association about the appointment and dismissal of members of the Board of Management and the amendment of the Memorandum of Association

According to Section 6 (1) of the Memorandum of Association, the Board of Management consists of at least two persons; the Supervisory Board may establish a higher number and appoint deputy members of the Board of Management. According to Section 84 (2) of the Stock Corporation Act (AktG) and according to Section 6 (2) of the Memorandum of Association, the Supervisory Board can appoint a member of the Board of Management as chairperson or speaker of the Board of Management and another member as deputy chairperson or speaker. According to Section 84 of the Stock Corporation Act (AktG), members of the Board of Management are appointed and retired by the Supervisory Board. According to Section 11 (4) of the Memorandum of Association, the Supervisory Board passes resolutions with a simple majority of votes. In case of a tie, the chairperson casts the deciding vote.

According to Section 179 (1) of the Stock Corporation Act (AktG), changes to the Memorandum of Association may be made via a resolution passed by the Annual General Meeting which, unless the Memorandum of Association specifies another capital majority, requires a majority of at least three-quarters of the share capital represented during the vote in accordance with Section 179 (2) of the Stock Corporation Act (AktG). If changes to the purpose of the company are involved, the Memorandum of Association may only specify a larger majority of the share capital. In Section 18 (1), the Memorandum of Association of the company takes advantage of the option specified by Section 179 (2) of the Stock Corporation Act (AktG) and states that, unless made impossible by applicable legal provisions, resolutions may be passed with a simple majority of votes and, in cases where the law requires a capital majority in addition to the majority of votes, with a simple capital majority. According to Section 13 (3) of the Memorandum of Association, the Supervisory Board is authorized to decide amendments to the Memorandum of Association which affect only its wording.

(7) Powers of the Board of Management to issue or repurchase shares

Purchase and use of own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at the Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by the company in one or several stages within the limits of the abovementioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the abovementioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale.

   This authorization is restricted to shares with a notional interest in the share capital, which must not exceed a total of 10% of the share capital, on the effective date of this authorization nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG). The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the above-mentioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the above-mentioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the above-mentioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining no-par value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting.

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management is authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. The new shares may also be taken over by one or several banks selected by the Board of Management with the obligation to offer them to the shareholders (indirect subscription right). However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this 10% limit also covers shares that were or are to be issued during the period of this authorization in an ex-rights issue due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a conversion obligation as a shareholder; (5) to issue employee shares to employees of the company and of its affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Convertible and warrant bonds

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 4,720,000.00.

The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management will be authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG.

For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

Granting of subscription rights (stock options) to employees and members of the management of the company or an affiliated company

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board.

The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights. The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

(8) Material agreements subject to a change of control resulting from a takeover bid

There are no material agreements subject to a change of control.

(9) Compensation agreements concluded by the company with members of the Board of Management or employees in the case of a takeover offer

The company has not entered into any compensation agreements with members of the Board of Management or employees in the case of a takeover offer.

4. CORPORATE GOVERNANCE STATEMENT (SECTION 289F AND SECTION 315D OF THE GERMAN COMMERCIAL CODE (HGB))

The corporate governance statement pursuant to Section 289f and the Group statement pursuant to Section 315d of the German Commercial Code (HGB) are published in the "Corporate Governance" section of the website of DF AG.

5. OPPORTUNITY AND RISK REPORT

a) Internal accounting-related control and risk management system

DF AG is the holding company and ultimate parent company of DF Group. For the corporate structure and its tasks within DF Group, please refer to the information provided in chapter 1. a.

Cash planning for DF Group, DF AG, DF GmbH, DF s.r.o. and DF ME s.r.o. takes place daily on the basis of current account statements. It comprises the expected incoming and outgoing payments from the operating activities. Cash planning takes place on a daily basis for the next one to two weeks, on a weekly basis for the next two months and on a monthly basis thereafter.

Risk management and monitoring take place on the basis of a detailed written risk management system. The country limits are decided by the Supervisory Board once a year. Within the country limits, the Board of Management may autonomously assume counterparty risks in accordance with a competence rule agreed with the Supervisory Board.

The accounting department is responsible for the accounts structure, accounts allocation policies as well as all accounting policies and processes at DF Group, taking into account country-specific requirements and laws. In addition to DF AG, the basis of consolidation currently comprises the subsidiaries DF GmbH, DF s.r.o. as well as DF ME s.r.o. The accounts of DF AG and DF GmbH are kept by the accounting department in Cologne. The accounts of DF s.r.o. and DF ME s.r.o. are kept by a local external service provider. The central accounting department closely supervises in particular the preparation of the financial statements.

The company uses standard software for the financial accounting process that is certified by an auditing firm. The software is installed on a central server in Cologne and DF s.r.o. and DF ME s.r.o. are granted online access. The central accounting department in Cologne has full and continuous access to the accounts of the companies in Prague. Software authorizations ensure, however, that DF s.r.o. and DF ME s.r.o. can access only their own accounts. Current accounts are saved on a daily basis in accordance with DF Group's data storage policy. Backup systems are in place to manage the IT continuity risk.

The preparation of the consolidated financial statements including the consolidation measures are performed by the central accounting department based on IFRS packages of the consolidated entities audited by local auditors. The requirements regarding the contents and scope

of the IFRS packages are agreed with the Group's auditor at the beginning of the audit of the consolidated financial statements.

The internal control system takes into account the special features of DF Group's business.

b) Risk management system relating to money laundering and terrorist financing

Due to their projectrelated business model, DF AG, DF GmbH, DF s.r.o. and DF ME s.r.o. engage in business with a large number of counterparties in different countries (sellers and buyers of export receivables, insurers such as banks and/or credit insurers, external agents, service providers for tax and legal review, implementation and processing of the different transactions in the areas of forfaiting, purchase commitments, agenting business, debt collection). DF Group is therefore exposed to compliance risks that result from its business model.

Violations of the moneylaundering law, EU/US sanctions laws or against other laws aimed at preventing economic crime may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole. In particular, there is a risk (i) that contractual partners/service providers who are essential for the operations of the individual companies of DF Group and/or of DF Group as a whole are not allowed or unable to do (any more) business with individual companies of DF Group and/or DF Group as a whole (for a limited time) due to their own internal and/or statutory regulations – this comprises the purchase and sale of receivables, the collectability of receivables and the provision of services for individual companies of DF Group. In addition, there is a risk (ii) that penalties and fines are imposed and (iii) that culpable violations or breaches of these regulations result in a loss of reputation.

To prevent or minimize the aforementioned compliance-related risks, DF Group has implemented internal safeguards and controls.

The Group-wide compliance system is regularly updated in cooperation and consultation with external consultants in order to fulfil DF Group's responsibility and ensure its business success. The compliance system comprises in particular (i) processes to identify its business partners; (ii) awareness creation and regular training of all employees and of sales-related external advisors of DF Group with regard to the company's Code of Conduct and the importance of compliance,

transparency and integrity for the business activity of DF Group; (iii) a well-trained Compliance Department as well as a Compliance Committee and the appointment of a Money Laundering Officer; (iv) software which automatically checks, on every working day, whether any of the Group's business partners features on the relevant sanctions lists during the term of a transaction and (v) additionally the REFINITIV World Check One software for a more in-depth examination of new and potential business partners or parties involved in the potential transaction before closing a transaction.

Based on protocols of the results of the above checks, individual parties are checked manually in case of doubt. Regular updates of the database ensure that the (new) listing of a party involved in the underlying transaction on a sanctions list will be detected also during the holding period of a receivable.

The relevant audits required under the German Money Laundering Act (GwG) are another integral element of DF Group's compliance system. DF AG and its subsidiaries conduct their business operations in accordance with applicable prevention of money laundering rules. DF Group attaches great importance to complying with these rules. Management and all employees of DF Group are obliged to comply with these standards. Besides the Anti-Corruption Policy, the Anti-Money-Laundering Directive forms part of DF Group's general Compliance Program and is applied together with DF Group's other obligations in the solicitation and execution of contracts (especially under the existing "Economic Sanctions Compliance Policy"). Responsibility for the identification of customers to prevent money laundering and terrorism financing as well as for economic sanctions compliance rests with the Compliance Department and the Compliance Committee, both of which act strictly separately from the front office and the back office and both report directly to the full Board of Management.

At the start of a business relationship, the business partner and its ultimate beneficial owner ("Know Your Customer" principle) is identified, information on the purpose of the transaction is obtained, a potential PEP (politically exposed person) status is checked and further checks relevant to money laundering are performed in connection with the due diligence process.

Depending on the risk profile of the business partner, DF Group may request additional checks. DF Group will not make a commitment to underwrite a risk in the context of a certain transaction before the identity of the business partner has been established without any doubt whatsoever, all questions required by the German Money Laundering Act (GwG) have been answered satisfactorily and no relevant sanctions have been imposed on the business partner

as well as its ultimate beneficial owner. No transaction will be paid out before the transaction-related documents and the parties involved have been satisfactorily checked for compliance-related circumstances. The ongoing business relationship is then monitored.

DF Group expanded its compliance system by establishing a whistleblowing system enabling every employee and third party to report suspected cases of non-compliance to an external ombudsperson on a confidential and, if required, anonymous basis.

c) Opportunities

DF Group's business with Iran focuses on trade with humanitarian goods such as food, medicine and medical products. Demand for these products and the product range of DF Group on the part of importers and exporters is high. In the second half of 2019, DF Group introduced a new product, the marketing services, to meet the needs of the market. In this context, DF Group – after having carried out its own compliance check – brokers transactions relating to the food and medical sectors to its strategic partners for further processing. In addition to the existing consulting services and the marketing of compliance know-how, DF Group has a profitable product portfolio. This flexibility in developing new products and the timely identification of market opportunities characterized DF Group in the financial year 2019. Together with its long-standing know-how in trade finance and its regularly reviewed compliance system, this opens up good opportunities for DF Group to increase its business volume. The business volume will be further expanded by extending the geographical focus to Turkey, Iraq, Oman and Saudi Arabia. By entering into the project financing business, DF Group will open up a further business segment in which there is demand for its competencies. The focus will be on projects in the energy and agricultural sectors.

d) Risks

When outlining the risks, a distinction needs to be made between old and new business. The "old business" relates to the receivables of the restructuring and trading portfolio that form part of the creditor assets. According to the provisions of the insolvency plan, the opportunities and risks arising from the liquidation of these receivables rest exclusively with the insolvency creditors. While the risks described below apply to both the old business and the new business, the consequences for DF Group differ, as DF Group bears the risk only for the new

business. Overall, the shift within DF Group's product portfolio away from the traditional forfaiting business based on the Group's own portfolio towards payment, collection, administrative and marketing services as well as consulting services has resulted in a changed weighting of risk factors. Due to the discontinuation of the own portfolio, with the exception of the old business, legal risks and financing risks have lost in importance compared to earnings and compliance risks, which are now the most important risks in DF Group's risk map.

i. Earnings risks

Given that DF Group has no investment portfolio that generates recurring income from year to year, it has to acquire most of its business transactions anew each financial year in order to be successful.

In addition to offering marketoriented products at competitive prices, a good network on the supply and demand side is decisive for the successful acquisition of new business. If important business partners such as brokers or banks on the supply and/or demand side disappear entirely or partly there is a risk of a sharp drop in the business volume and, consequently, of a slump in profits. Due to its focus on a limited target region with a small number of important business partners, this risk is comparatively high for DF Group.

In the financial year 2019, the increased political tensions between the USA and Iran led to a further reduction in the number of trading partners and channels available in DF Group's target market. As a result, margins and volumes for the remaining players have increased. In trade with Iran, DF Group continues to focus on humanitarian goods (food and medicine). Due to the products offered and the complexity of the business, DF Group is dependent on cooperation with a few selected, specialist partners. In this context, the cooperation with Saman Bank should be mentioned, in particular. The specialization of DF Group's business model and the close cooperation with specialized and well-established partners also represent a concentration risk.

Apart from the default of major business partners, the default of an important country or region can also lead to a slump in profits. Economic or political reasons may result in the default of a country or region. Moratoriums imposed on a country or the listing of a country on the EU sanctions list and/or the sanctions list of the United States of America may temporarily lead to a sharp drop in, or a complete suspension of, the business volume with this country. Due to its geographic focus, DF Group is much more exposed to this risk than a geographically broadly diversified company, but, on the other hand, benefits from the opportunities arising from its specialization as described under 5. c).

Should a further political or military escalation or other events result in the loss or non-availability of an important partner of DF Group or an important country or a region, this could pose a considerable risk to the business development of DF Group. This risk is largely dependent on the partner and the duration of the loss or non-availability.

With a view to diversification, DF Group plans to expand its geographical focus to Turkey. Even if entering a new market always involves a risk, DF Group is convinced that an entry into the Turkish market will increase its earnings base.

Should the nuclear deal (JCPOA) with Iran be cancelled entirely, i.e. not only by the USA, but also by the other partners and/or Iran, or should a military dispute arise between the USA and Iran, this would probably have massive consequences for DF Group's business with Iran and for DF Group as a whole. DF Group assumes, however, that there will be no military dispute and no cancellation of the nuclear deal by the remaining JCPOA parties but that sanctions will continue to be imposed against individual enterprises, groups or persons.

As outlined under "ii. Country and counterparty risk", DF Group also has overdue receivables on its books, which, however, exclusively form part of the creditor assets. According to the provisions of the insolvency plan, the opportunities and the risks arising from the liquidation of the assets including all overdue receivables that exist at the time of the approval of the insolvency plan pass to the creditors of DF AG. The same applies to the risk relating to the legal and consulting expenses associated with the collection of the overdue receivables. For DF AG, an earnings risk will result from the liquidation only if the liquidation of the assets assigned to the restructuring portfolio does not generate an amount of at least EUR 24 million; according to the provisions of the insolvency plan, DF AG must, in this case, pay up to EUR 0.8 million to the creditors ("compensation payment"). Because of the results of the liquidation of the creditor assets to date, the risk of a payment of EUR 0.8 million has become so probable that DF AG has already established a corresponding provision in the financial statements for the period ended 31 December 2016 and transferred EUR 0.4 million to the trustee on a fiduciary basis in the financial year 2019, which means that the total amount of EUR 0.8 million has been deposited with the trustee and may be distributed to the insolvency creditors depending on the final result of the liquidation.

ii. Country and counterparty risk

In line with its business model and strategy, DF Group focuses on the Near and Middle East as well as emerging and developing countries. Political, financial, economic and social conditions in these regions are less stable compared to industrialized nations. In the event of an economic

and/or political crisis or due to decisions taken by the respective rulers/governments, this may substantially affect the ability or willingness of the respective country to transfer payments – especially in foreign currencies. In extreme cases, foreign currency payments may no longer be possible at all or only with prior state approval (e.g. by the national central bank) due to the introduction of corresponding legal provisions (foreign exchange control). As a result, a debtor who is otherwise willing and able to pay may be unable to pay on time, in full or at all. The country risk comprises the three individual risks outlined below:

- funds cannot be transferred freely due to government restrictions (transfer risk) and/or
- local currencies may be exchanged for the foreign currency in which the receivable is denominated and, hence, payable only after prior approval or not at all (convertibility risk) and/or
- a government imposes a temporary moratorium due to economic or political difficulties (moratorium risk).

In the financial year 2019, the country risks in the Near and Middle East markets, in which DF Group is primarily active, have increased. Especially the withdrawal of the USA from the nuclear deal (JCPOA) with Iran has resulted in higher country risks. Iran's economic situation has deteriorated significantly as a result of the US sanctions. Should Iran be lost entirely as a market for DF Group, this would have massive economic consequences, as such a loss cannot be offset in the short term.

Should DF Group purchase receivables again in the future, it will assume not only the country risk but also the debtor's credit risk for the acquired receivable (counterparty risk). The debtor may become insolvent or unable to pay for other company-specific reasons. However, the counterparty risk is not limited to the (primary) debtor for a receivable; it also applies to the providers of security (e.g. banks or credit insurance companies (secondary debtors)) for which DF Group may secure individual transactions.

A counterparty risk may arise not only when purchasing receivables but also when granting a loan or prefinancing a transaction. This risk may increase in the current financial year 2020 when it comes to securing business transactions, especially with regard to business partners in the Near and Middle East.

As of 31 December 2019, DF Group had no receivables from new business in its own portfolio. Nor were there any contingent liabilities, e.g. from purchase commitments, as at the balance sheet date of 31 December 2019.

According to the insolvency plan, the opportunities and risks arising from the current overdue receivables included in the creditor assets pass to the insolvency creditors.

Even now that the insolvency plan has become final, the creditor assets continue to be managed by DF Group and are collected in its own name for the account of the insolvency creditors. The prosecution measures or restructuring solutions to be initiated by DF Group in this context tie up DF Group's human resources which are not available for DF Group's new business.

iii. Risks resulting from non-compliance as well as violations of money laundering and/or sanctions regulations

The individual entities of DF Group are subject to the applicable national laws, regulatory requirements and duties. In addition, DF Group's international business model exposes the company and its transactions to many different jurisdictions.

As a listed joint stock company, DF AG must additionally fulfill specific capital market obligations. A violation of statutory, regulatory or voting rights regulations can have farreaching consequences and may entail high penalties or even the withdrawal of licenses and the closure of operations.

Since the entry into force of the EU General Data Protection Regulation (GDPR) in May 2018, violations of the Federal Data Protection Act and/or non-implementation of the GDPR may result in sharply increased fines of up to 4% of annual sales. In order to ensure compliance with the legal requirements and implementation of the GDPR, DF AG has implemented a data protection project. The Data Protection Officer monitors the implementation of the project and compliance with the data protection requirements throughout DF Group and provides related advice.

Against the background of the existing statutory provisions, DF AG and its subsidiaries are obliged (to the extent that they buy and sell receivables and source or provide services from/to third parties) to carry out transaction-related money laundering checks, including customer identification, as well as economic sanctions compliance checks. This risk is mitigated by an effective compliance system (as described in chapter 5. b. "Risk management system with regard to compliance and money laundering").

Any violations of statutory, regulatory or voting rights regulations, including especially the statutory regulations regarding data protection, money laundering prevention and customer identification that are applicable because of the business model, of economic sanctions regulations or of other laws aimed at preventing economic crime may have an extremely adverse impact on the operations as well as the net assets, financial position and results of operation of individual companies of DF Group and/or DF Group as a whole.

iv. Operational risks

In the context of its administrative or collection services, DF Group sometimes transfers large amounts of money. A transfer to the wrong account could cause considerable damage. The risk is minimized by a multilevel authorization system for payments. Several employees would have to cooperate to intentionally make a false transfer.

Another major operational risk is that unauthorized transactions are concluded to the detriment of DF Group. This risk is mitigated by the fact that no employee of DF Group has sole power of representation, except for the Chairman of the Board of Management and the Managing Director of the Czech subsidiaries.

v. Legal risk

In the past, DF Group used to buy receivables (on a non-recourse basis) with the aim of reselling or outplacing them. Individual receivables remained in DF Group's books until their contractually agreed maturity only in exceptional cases. Although no receivables were purchased in the financial year 2019, such purchases may be resumed in the future. In the context of its trading business, DF Group usually guarantees to the buyer that the receivable exists (liability for legal validity), that the receivable has the warranted properties, that DF Group is the owner of the receivable (ownership) and that the receivable can be collected from the debtor, e.g. that there are no exceptions or objections.

vi. Refinancing risk

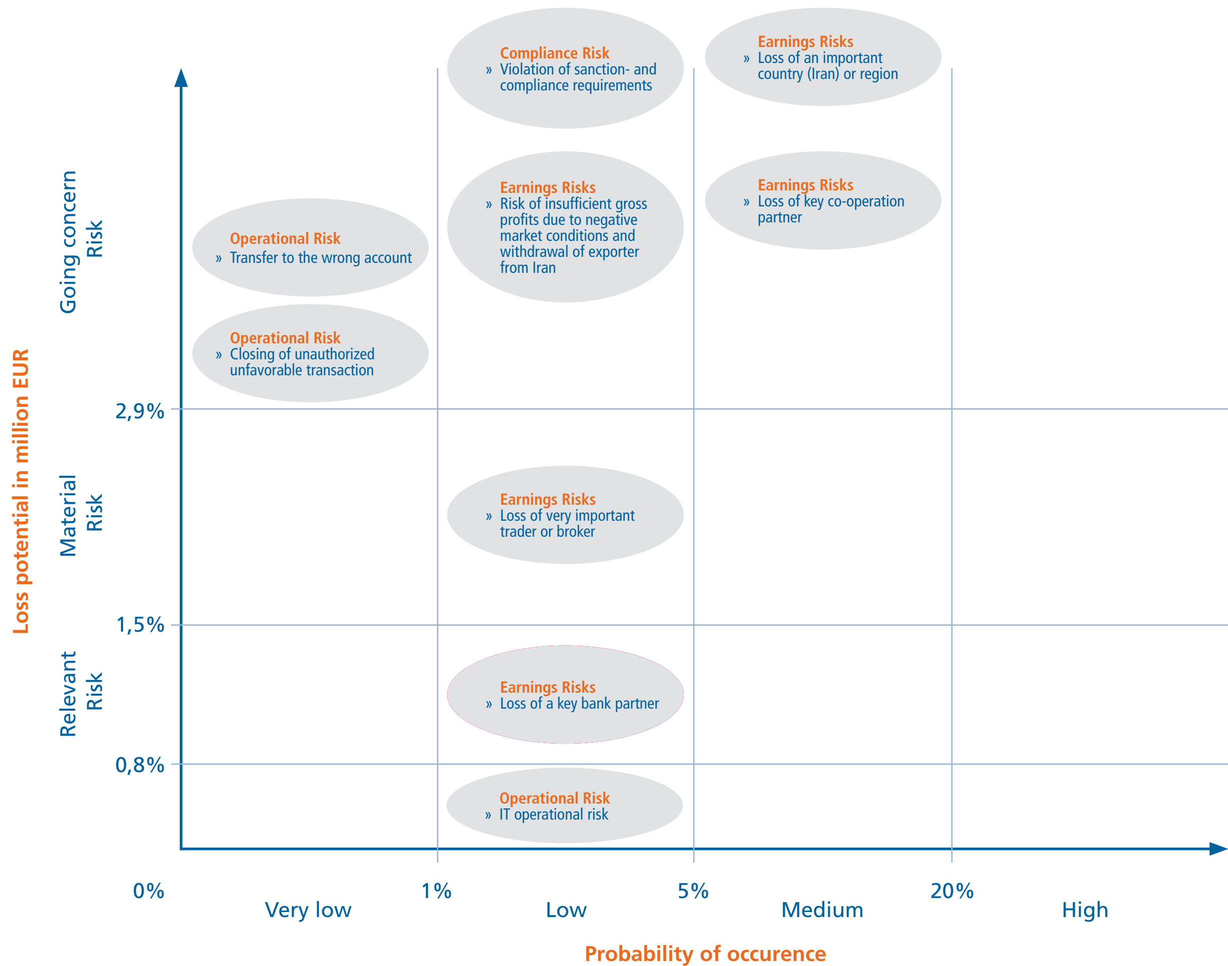
If and when DF Group purchases receivables, it needs refinancing resources for its trading activity and for the related short-term bridge financing periods of the receivables acquired for resale. The refinancing period corresponds to the period between the payment of the purchase price of a receivable and the receipt of the sales price when the receivable is sold or the nominal value at maturity. As at the balance sheet date of 31 December 2019, DF AG had no current credit lines from banks. In addition to its own liquidity, however, DF Group benefits from a

EUR 15 million loan granted by the majority shareholder of DF Deutsche Forfait AG. As long as DF Group has no own credit lines for bridge financing, the business volume in the forfaiting segment can be expanded significantly only if there are sufficient placement possibilities for the receivables purchased and if the periods between purchase and sale are reduced to such an extent that no or only very short-term refinancing is required. The same restriction with regard to refinancing as for the purchase of receivables applies to the planned entry into project financing. The success of this business segment also hinges on sufficient resources for refinancing.

If there are no sufficient refinancing resources and/or placement possibilities, this would very much constrain the growth opportunities in the forfaiting and project financing segments. In order to create an additional placement possibility, DF Group has initiated the establishment of a certificates structure in Luxembourg in 2018. This certificates structure enables investors to participate indirectly in the performance of selected foreign trade receivables.

vii. Summary risk assessment

The assessment of individual operational risks within DF Group is based on two criteria, i.e. the potential amount of damage and the probability of occurrence of a risk. The potential amount of damage weighted by its probability of occurrence is set in relation to DF Group's equity capital in order to assess the consequences of a potential damage. This way, going concern risks are identified. At the same time, the probability of occurrence of a potential damage is determined/estimated. The purpose of risk assessment and risk management is to take adequate measures in order to (i) limit the absolute amount of each individual possible going concern risk; (ii) reduce the probability of occurrence of the individual possible going concern risk and the probability of several possible going concern risks occurring at the same time; and (iii) reduce the total number of possible going concern risks.



The main risks for DF Group continue to exist on the earnings side. Due to DF Group's geographic specialization, there is a high dependence on the future political and economic developments in the Near and Middle East as well as the cooperation with its strategic partners.

Thanks to its specialization and unique positioning in the market, DF Group is able to generate high income. At the same time, however, the specialization of DF Group's business model and the close cooperation with very few specialized and well-established partners also represent a considerable risk. Should a further political or military escalation or other events result in the loss or non-availability of an important partner of DF Group, this could pose a considerable business development risk for DF Group. This applies in particular to the cooperation with Saman Bank.

Besides the business risks described above, the coronavirus pandemic is another exceptional and hopefully one-time risk factor. The coronavirus pandemic will have a very negative impact on the world economy in 2020, leading many economies into recession and also reducing global trade. While the humanitarian sectors of medicine and food, on which DF Group focuses,

should essentially remain unaffected by this, it is still possible that business partners will have to give up as a result of economic developments or that the funds for the import of medical goods and food in the Near and Middle East will no longer be available on the same scale as in 2019.

6. FORECAST

The world economy is increasingly affected by the consequences of the spread of the COVID-19 coronavirus. Experts' forecasts are subject to considerable uncertainty with regard to the duration and severity of the pandemic. At the time of publication on 19 March 2020, the forecast of the ifo Institute – Leibniz Institute for Economic Research at the University of Munich e.V. was based on the assumption that the pandemic would adversely impact the economies of the affected countries only temporarily for a period of about three months, followed by noticeable economic catch-up effects. The institute emphasized, however, that the downside risk to the forecast is significant, as the assumptions made may prove to be overly optimistic and the crisis is not unlikely to last much longer. Based on the assumptions made, the experts project global economic growth of only 0.1% for the current year. Economic output in the eurozone is forecast to decline by -1.6%. Germany will also be affected by a recession in 2020. The ifo Institute expects the gross domestic product to decline by 1.5%. By contrast, the ifo experts assume that economic output in the emerging and developing countries will increase by about 2.6% in 2020. China's (+3.7%) and India's (+3.5%) gross domestic products will again grow at above-average rates.

For the countries of the Middle East (including Central Asia), the experts of the International Monetary Fund (IMF) projected a slight increase in growth for the current year to +2.8% (previous year: 0.8%) in January 2020. According to the IMF's October 2019 forecast, Iran's economy was expected to stagnate after the recession of 2019 (-9.5%). In a more recent assessment published on the IMFBlog on 23 March 2020, however, the IMF experts project serious consequences for the Middle East and Central Asia region, as the countries are adversely affected by both the coronavirus pandemic and the slump in the oil price. Iran is hit particularly hard by the coronavirus. However, the IMF has not yet quantified this concern by updating its growth forecast. Moreover, the conflict with the USA and the related sanctions will continue to have a major impact on Iran's economic development.

The coronavirus crisis is also likely to have an impact on global trade volumes. Add to this the unresolved trade conflicts, e.g. between the USA and China. The experts of the ifo Institute therefore expect world trade to decline by 1.7% in 2020.

The IMF forecast for the world economy is generally subject to a large number of factors, some of which are difficult to predict. Growing trade barriers and geopolitical developments are among the main risks to global trade.

Uncertainty about future developments has increased due to the coronavirus epidemic, which led to significant economic losses in the first months of 2020. The effects of the coronavirus pandemic on the global economy may considerably reduce the creditworthiness of companies as well as their willingness to invest in projects and thus have a negative impact on the project financing activities initiated by DF Group. The loss of a large number of strategic partners and employees in important roles may also lead to operational risks for the company.

DF Group is active in Iran, a country whose economy is adversely affected by ongoing sanctions and now also by the coronavirus epidemic. DF Group focuses its business with Iran on sectors which are largely exempt from the sanctions regulations, i.e. food and medicine as well as medical products. However, demand for these products is expected to remain high even in difficult economic times and even during the coronavirus pandemic, as these humanitarian goods and, above all, medicines and medical products for COVID-19 patients are essential for the basic supply of the population. According to the Board of Management's current assessment, it is therefore safe to assume that the positive trend in the cooperation with business partners will continue in 2020 and that transactions in the food and medicine sectors can continue to be processed in the target region.

DF Group tries to take account of the risks in individual countries by gradually broadening its geographical focus. This diversification is not expected to make any substantial contribution to earnings in 2020, though. The same applies to the planned entry into the project financing sector. Due to the long lead time, this product is not expected to make a significant contribution to earnings in the financial year 2020, either. Due to the expenses for the planned geographical diversification and the entry into project financing and against the background of the coronavirus crisis and its effects on the economy, which are impossible to estimate from today's perspective, consolidated net income for the financial year 2020 is expected to be lower than in 2019. The consolidated net income shall still be positive even if lower than in 2019. The prerequisite for this is that the political and economic conditions in the geographical target region of the Near and Middle East and the cooperation with the strategic partners, which is primarily focused on Iran, do not deteriorate.

7. ADDITIONAL DISCLOSURES FOR DF DEUTSCHE FORFAIT AG

The financial statements of DF Deutsche Forfait AG ("DF AG") were prepared in accordance with the provisions of Sections 264 et seq. of the German Commercial Code (HGB) and paying regard to the German Stock Corporation Act (AktG). DF AG is the parent company of DF Group. Apart from the holding company function, DF AG is responsible for debt collection of the assets defined in the insolvency plan. As DF AG has no business operations of its own, it is dependent on the prorated cost contributions and dividend payments of the DF Group member companies, with these contributions and payments being a function of their business performance. The business performance of DF AG is thus subject to the same risks and opportunities as that of DF Group. Due to the interdependencies and business relationships within DF Group, the business outlook for DF Group also reflects the expectations of DF AG. Consequently, the statements made for DF Group also apply to DF AG.

i. Results of operation

In EUR millions (HGB)	1-1 – 31-12-19	1-1 – 31-12-18	Difference
Sales revenues	0.58	0.61	-0.03
Cost of purchased services	0.39	0.40	-0.01
Other operating income	1.51	3.51	-2.00
Personnel expenses	1.04	0.85	+0.19
Other operating expenses	2.91	4.35	-1.44
Interest and similar income	0.02	0.19	-0.17
Income from investments	2.87	0.00	+2.87
Depreciation on financial assets	0.00	2.89	-2.89
Interest and similar expenses	0.00	0.02	-0.02
Net loss/income for the year	0.63	-4.20	+4.83

In the financial year 2019, DF AG generated net income in the amount of EUR 0.63 million (previous year: EUR -4.20 million). The net income for the year is the result of income from investments in the amount of EUR 2.87 million by its 100% subsidiaries DF GmbH (EUR 2.0 million) as well as DF ME (EUR 0.87 million). The disbursements were made possible by the good operating results generated by the two wholly-owned subsidiaries. Net income was adversely affected by increased personnel expenses, which climbed from EUR 0.85 million in the financial year 2018 to EUR 1.04 million in the financial year 2019. The increase is mainly attributable to bonuses received by the Board of Management. Sales revenues amounted to EUR 0.59 million in the financial year 2019 (previous year: EUR 0.61 million). In addition to commission income from the collection of designated assets, revenues mainly comprise services which

DF AG invoices to the other Group companies. At EUR 0.39 million, the cost of purchased services was almost on a par with the previous year's EUR 0.40 million and primarily relates to services sourced by DF AG from other Group companies. Other operating income totaled EUR 1.51 million (previous year: EUR 3.51 million) and consisted primarily of income from an out of court settlement (EUR 0.33 million), exchange gains (EUR 0.70 million) and income from supplies and services against the trustee (EUR 0.38 million). Other operating expenses amounted to EUR 2.91 million (previous year: EUR 4.35 million). Other operating expenses primarily comprise one-time expenses in connection with changes on the Board of Management as well as depreciation/amortization and write-downs of assets designated under the insolvency plan in the amount of EUR 0.43 million. They also include exchange losses of EUR 0.65 million. Interest and similar income amounted to EUR 0.02 million in the financial year 2019 (previous year: EUR 0.19 million) and declined due to the repayment of loans within DF Group.

ii. Net assets position

In EUR millions (HGB)	31-12-2019	31-12-2018	Difference
Fixed assets	2.17	2.19	-0.02
Current assets	5.64	10.77	-5.13
Thereof: assets defined in the insolvency plan	*0.49*	*6.07*	*-5.58*
Thereof: cash and bank deposits	*1.02*	*1.35*	*-0.33*
Total assets	**7.92**	**13.06**	**-5.14**
Equity	5.15	4.53	+0.62
Provisions	2.11	7.81	-0.70
Thereof: provisions for insolvency liabilities	*1.42*	*6.84*	*-5.41*
Liabilities	0.65	0.72	-0.07
Total liabilities	**7.92**	**13.06**	**-5.14**

As at the balance sheet date of 31 December 2019, DF AG's assets amounted to EUR 7.92 million (previous year: EUR 13.06 million). At EUR 3.65 million, receivables from affiliated companies were the largest asset item and mainly resulted from the dividends to be received by DF AG from DF GmbH and DF ME. The assets designated under the insolvency plan amounted to EUR 0.49 million, compared to EUR 6.07 million on the balance sheet date of the previous year. This item includes all special-purpose assets, which exclusively serve to satisfy the filed insolvency liabilities and essentially comprise the receivables in the socalled restructuring portfolio. The decline against the previous year is mainly attributable to payments to the trustee and value adjustments. Fixed assets decreased only marginally from EUR 2.19 million on the previous year's reporting date to EUR 2.17 million.

Cash and cash equivalents amounted to EUR 1.02 million as at the balance sheet date, with the decline from the previous year's EUR 1.35 million primarily due to the company's operating loss.

iii. Financial position

DF AG's equity capital amounted to EUR 5.15 million as at the balance sheet date of 31 December 2019 (31 December 2018: EUR 4.53 million). The equity ratio stood at 65.1% on 31 December 2019 (previous year: 35%).

The liabilities to insolvency creditors are comprised in the provisions for insolvency liabilities and totaled EUR 1.42 million on 31 December 2019 (previous year: EUR 6.84 million). The reclassification of the liabilities from the insolvency plan to the provisions for insolvency liabilities is due to the fact that the insolvency plan provides for the creditors' claims to be satisfied exclusively from the sale of the assets defined in the insolvency plan. Due to the uncertainties regarding the value of the assets and the resulting cash flows, the creditors irrevocably waived that part of their claims that is not covered by the sale of the assets in the context of the insolvency plan. As a result of this irrevocable waiver, the exact amount of these obligations of DF AG towards the insolvency creditors will only be revealed over time, which means that they are contingent liabilities. According to the provisions of the German Commercial Code (HGB), DF AG's obligations under the insolvency plan towards the old creditors must be classified as provisions in DF AG's financial statements.

The result for the financial year 2019 of DF Group and thus also of DF AG exceeded the company's expectations thanks to the positive business performance. The result at Group level had initially been expected to be merely positive but not to be clearly positive.

Positive but lower net income for the year is projected for DF AG for the financial year 2020 compared to the financial year 2019. Due to the dependency on the development of the subsidiaries, a prerequisite for this, as in DF Group, is that the political and economic conditions in the geographical target region of the Near and Middle East and the cooperation with its strategic partners, which is primarily focused on Iran, do not deteriorate significantly due to the current corona crisis.

iv. Related party disclosures (dependency report)

As regards our relations with our majority shareholder, DF Deutsche Forfait AG, Grünwald, is deemed a dependent entity within the meaning of Section 17 of the German Stock Corporation Act (AktG).

The Board of Management's related party disclosures for the financial year 2019, which were established in accordance with Section 312 of the German Stock Corporation Act (AktG), end as follows: "We declare that DF Deutsche Forfait AG received appropriate consideration for all legal transactions listed in the related party disclosures in the financial year 2019 according to the circumstances known to us at the time when the legal transactions were carried out. No other measures were taken or omitted in the financial year."

Gruenwald, 29 April 2020
The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2019

Consolidated Balance Sheet – Assets

Consolidated Balance Sheet – Equity and Liabilities

Consolidated Income Statement

Consolidated Statement of Comprehensive Income

Consolidated Cash Flow Statement

Consolidated Statement of Equity Changes

Assets (in EUR)	Note	31-12-2019	31-12-2018
Long-term assets			
Intangible assets	(16)	82,178.01	124,020.83
Tangible assets	(16)	375,025.08	87,604.00
Long-term financial assets	(17)	42,544.19	40,644.19
Deferred taxes	(15)	0.00	1,524,156.00
		499,747.28	1,776,425.02
Short-term assets			
Creditor assets	(26)	996,148.34	6,186,840.18
Trade accounts receivables	(18)	741,671.57	439,432.86
Other short-term assets	(19)	722,066.82	993,368.65
Cash and cash equivalents funds	(20)	24,669,036.14	3,553,920.65
		27,128,922.87	11,173,562.34
Total assets		**27,628,670.15**	**12,949,987.36**

Equity and Liabilities (in EUR)	Note	31-12-2019	31-12-2018
Equity	(21)		
Subscribed capital		11,887,483.00	11,887,483.00
Costs of the capital increase		-623,481.04	-623,481.04
Revenue reserves		-2,507,143.94	-5,756,635.47
Adjustment items from currency translation		-161,610.11	-178,558.63
		8,595,247.91	5,328,807.86
Long-term liabilities	(23)		
Loans		15,000,000.00	0.00
Leasing obligations		211,713.92	0.00
		15,211,713.92	0.00
Short-term liabilities			
Creditor liabilities	(26)	996,148.34	6,186,840.18
Liabilities to banks		56.12	329.08
Provisions		350,000.00	0.00
Income tax liabilities	(15)	1,041,133.28	462,267.57
Trade accounts and other payables	(24)	342,692.53	237,493.34
Other short-term liabilities	(25)	1,091,678.05	734,249.33
		3,821,708.32	7,621,179.50
Total equity and liabilities		**27,628,670.15**	**12,949,987.36**

Consolidated Income Statement (in EUR)	Note	01-01 – 31-12-2019	01-01 – 31-12-2018
Transaction-related income	(7)		
a) Forfaiting income		31,004.07	466,879.58
b) Commission income		12,049,571.75	2,382,300.04
c) Exchange profits		345,429.24	383,264.70
		12,426,005.06	**3,232,444.32**
Transaction-related expenses	(8)		
a) Expenditure from forfaiting		430,252.45	2,308,861.66
b) Commissions paid		570,365.44	282,310.91
c) Exchange losses		327,296.06	51,787.62
		1,327,913.95	**2,642,960.19**
Gross result	(9)	**11,098,091.11**	**589,484.13**
Other operating income	(10)	913,442.10	3,010,086.59
Personnel expenses	(11)		
a) Wages and salaries		2.259,516.19	1,987,540.79
b) Social security contributions and expenditure for pensions and social welfare		311,868.53	306,156.82
		2,571,384.72	**2,293,697.61**
Depreciation on tangible and intangible assets	(12)	170,650.45	81,407.21
Other operating expenditure	(13)	3,312,805.56	3,029,281.77
Interest income	(14)	24,865.28	0.00
Interest paid	(14)	123,351.93	28,150.22
Profit before income tax		**5,858,205.83**	**-1,832,966.09**
Income tax	(15)		
a) Income and earnings tax		1,084,558.30	112,604.63
b) Deferred taxes		1,524,156.00	-194,100.00
Consolidated profit		**3,249,491.53**	**-1,751,470.72**
Average number of shares		11,887,483	11,887,483
Undiluted earnings per share		0.27	-0.15
Diluted earnings per share		0.27	-0.15

Consolidated statement of comprehensive income (in EUR)	**Note**	**01-01 – 31-12-2019**	**01-01 – 31-12-2018**
Consolidated profit		**3,249,491.53**	**-1,751,370.72**
Other income			
Components, which will be reclassified to the income statement for the future			
Curency translation differences from the inclusion of foreign subsidiaries	(20)	16,948.52	-15,944.31
		16,948.52	**-15,944.31**
Comprehensive income		**3,266,440.05**	**-1,767,315.03**

The consolidated profit and the comprehensive income are fully attributable to the shareholders of the parent company.

	Consolidated Cash Flow Statement (in EUR)	**Note**	**01-01 – 31-12-2019**	**01-01 – 31-12-2018**
	Consolidated loss/income		3,249,491.53	-1,751,370.72
+	Depreciation on intangible and tangible assets		170,650.45	81,407.21
+	Income tax expense		2,608,714.30	-81,495.37
+	Interest paid		123,351.93	28,150.22
-	Interest income		-24,865.28	0.00
+/-	Other transactions not affecting payments		-2,588,023.14	62,520.01
+/-	Changes in creditor assets		5,190,691.84	-3,061,404.85
+/-	Changes to trade accounts receivable		-302,238.71	-439,432.86
+/-	Changes to other assets		1,793,557.83	-224,602.41
+/-	Changes in creditor liabilities		-5,190,691.84	-3,061,404.85
+/-	Changes to trade accounts payable		105,199.19	34,112.02
+/-	Changes to other liabilities		1,496,009.47	-62,115.47
-	Income tax paid		-45,030.74	0.00
=	**Operative Cash flow**		**6,586,816.83**	**-2,352,827.37**
-	Paid interest		-99,012.35	-9,174.86
+	Retained interest		24,865.28	0.00
=	**Cash flow from current business**		**6,512,699.76**	**-2,362,002.23**
-	Payments for investments in long-term assets		-320,274.43	-33,464.90
+/-	Changes in scope of consolidation		0.00	-103,898.04
=	**Cash flow from investment activity**		**-320,274.43**	**-137,362.94**
-	Repayment portion of lease liabilities		-93,858.08	0.00
+/-	Changes to financial liabilities		-272.96	329.08
+	Borrowings		15,000,000.00	0.00
=	**Cash flow from finance activity**		**14,905,868.96**	**329.08**
	Changes in financial resources affecting payments		21,098,264.29	-2,499,036.09
+	Liquid funds at the start of the period		3,553,920.65	6,079,060.14
+/-	Effects from currency conversion		16,851.20	-26,103.40
=	**Liquid funds at the end of the period**		**24,669,036.14**	**3,553,920.65**
-	Balances pledged		-35,000.00	-35,000.00
=	**Free liquid funds at the end of the period**	**(34)**	**24,634,036.14**	**3,518,920.65**

Consolidated Statement of Equity Changes 1-1-2019 – 31-12-2019 (in EUR)	Note	Subscribed capital	Deposits earmarked for the capital increase	Capital reserves	Costs of the capital increase	Revenue reserves	Difference from currency conversion[1]	Total
Balance at 1 Jan. 2018		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(3,851,351.41)**	**(162,614.32)**	**7,250,036.23**
Consolidated profit						(1,751,370.72)		(1,751,370.72)
Other result							(15,944.31)	(15,944.31)
Consolidated total result						(1,751,370.72)	(15,944.31)	(1,767,315.03)
Changes in scope of consolidation						(153,913.34)		(153,913.34)
Balance at 31 Dec. 2018		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(5,756,635.47)**	**(178,558.63)**	**5,328,807.86**
Balance at 1 Jan. 2019		**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(5,756,635.47)**	**(178,558.63)**	**5,328,807.86**
Consolidated profit						3,249,491.53		3,249,491.53
Other result							16,948.52	16,948.52
Consolidated total result						3,249,491.53	16,948.52	3,266,440.05
Balance at 31 Dec. 2019	**(21)**	**11,887,483.00**	**-**	**-**	**(623,481.04)**	**(2,507,143.94)**	**(161,610.11)**	**8,595,247.91**

[1] Other Comprehensive Income (OCI)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2019

Notes to the consolidated financial statements

Auditor´s Review Report

Responsibility Statement by the Board of Management

Supervisory Board Report

Corporate Governance Report

I. POLICIES

(1) General information

DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") is the parent company of DF Group (also referred to as "Group") and has the legal status of a joint stock company. The company's address is Hirtenweg 14, 82031 Grünwald. It is registered at Munich Local Court (Germany, "Amtsgericht") under HRB 228114.

DF AG is a forfaiting company and, as such, is a financial enterprise within the definition of Section 1 (3) No. 2 of the German Banking Act (KWG). The operating activities were transferred to DF Deutsche Forfait GmbH (also referred to as "DF GmbH"), Cologne, with retroactive effect from 1 January 2016. All shares in DF GmbH are held by DF AG.

DF Group has specialized in foreign trade finance and related services for exporters, importers and other financial companies. The company is consequently regarded as a singlesegment entity. A segmentation within the meaning of IFRS 8 was therefore not performed. DF Group's geographic focus within this market segment lies on Near and Middle East countries and, in particular, Iran. With respect to trade with Iran, DF Group currently restricts its activities to humanitarian goods for business policy reasons.

The consolidated financial statements of DF AG as of 31 December 2019 were prepared on the basis of the International Financial Reporting Standards (IFRS) at the accounting date as endorsed by the EU as well as the additional requirements pursuant to Section 315e (1) of the German Commercial Code (HGB).

The term "IFRS" also includes the prevailing International Accounting Standards (IAS). All the binding interpretations of the IFRS Interpretations Committee (IFRS IC) for the financial year from 1 January to 31 December 2019 have also been applied.

The functional currency of the Group is the euro. All figures are presented in thousands of euros (kEUR) unless otherwise stated. The figures stated are sommercially rounded. This can lead to minor rounding differences in the context of totals and percentages.

To make the presentation clearer, the assets and liabilities described in the insolvency plan of 2016 are grouped into "creditor assets" and "creditor liabilities". These items are shown separately in the consolidated financial statements and described in the consolidated notes. The income statement is prepared according to

the total expenditure method. In the consolidated income statement, income and expenses are grouped by category and income and expense totals are presented to reflect the particular characteristics of a forfaiting company.

The consolidated financial statements were prepared on the assumption that the company will continue as a going concern.

The Board of Management and the Supervisory Board of DF AG issued a declaration according to Section 161 of the German Stock Corporation Act (AktG) regarding the recommendations of the Government Commission on the German Corporate Governance Code. This declaration was published on the company's website (www.dfag.de).

The present consolidated financial statements were released for publication by the Board of Management on 29 April 2020.

(2) Amendments to the standards made by the IASB

Application of new standards and interpretations in the financial year 2019

The following standards had to be adopted in the past financial year. Expect for IFRS 16, they had no material impact on the present financial statements of DF Group but may influence future transactions or agreements.

IFRS 16 „Leases"

In February 2016, the IASB finalized IFRS 16, which essentially requires lessees to recognize all leases and the related contractual rights and duties in their balance sheet. Lessees no longer distinguish between finance leases and operating leases (IAS 17). Adoption of this standard is mandatory as of 1 January 2019. DF Group made use of the options not to recognize the right of use and the lease liability for leasing contracts with a term of up to twelve months as well as leasing contracts for low-value assets. Leased assets with a value of up to kEUR 5 are defined as low-value assets. The transition was made by applying the modified retrospective method without adjusting the comparative figures of the financial year 2018. Leases of intangible assets do not fall under IFRS 16 but under IAS 38.

As a lessee, DF Group primarily leases office space. Leases which had a remaining term of less than 12 months as of 1 January 2019 were recognized as current liabilities and the lease payments are expensed on a straightline basis. Expenses from current liabilities in the amount of kEUR 23 were recorded in the reporting period.

Because of the recognition of the rights of use resulting from the adoption of IFRS 16, property, plant and equipment in the consolidated balance sheet for the period ended 31 December 2019 increased by kEUR 306. At the same time, non-current financial liabilities (kEUR 212) and current financial liabilities assigned to other liabilities (kEUR 96) increased by kEUR 308 due to the recognition of the present values of the lease liabilities. Interest expenses were incurred only to an insignificant extent. Leasing expenses, which were previously recorded under other operating expenses, are now shown under depreciation/amortization of property, plant and equipment (kEUR 96). Total cash outflows for leases amounted to kEUR 202 in the reporting period.

Amendments to IFRIC 23 "Uncertainty over Income Tax Treatments"

In June 2017, the IASB published Interpretation 23 to clarify the regulations of IAS 12 regarding the recognition and measurement of actual income tax, deferred tax liabilities and deferred tax assets if there is uncertainty over income tax treatments. The firsttime adoption has no effect on the presentation of the net assets, financial position and results of operation.

Amendments to IFRS 9 "Financial Instruments"

The amendment "Prepayment Features with Negative Compensation" was published by the IASB in October 2017 to enable the measurement of financial assets at amortized cost or fair value if, in the event of premature termination, a compensation payment to the terminating party may become due ("symmetric termination rights"). The amendments have no material effects on the presentation of the net assets, financial position and results of operation of the Group.

Amendment to IAS 28 "Investments in Associates and Joint Ventures"

The amendment "Long-term Interests in Associates and Joint Ventures" was published by the IASB in October 2017 and obliges an entity to apply IFRS 9 and its impairment requirements to long-term interests in associates or joint ventures that essentially form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment has no effect on the presentation of the Group's net assets, financial position and results of operation.

„Annual Improvements to IFRSs 2015 – 2017 Cycle"

The amendments were published in December 2017 as part of the Annual Improvement Project and essentially relate to clarifications of IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs". They have no effect on the presentation of the Group's net assets, financial position and results of operation.

Amendments to IAS 19 "Employee Benefits"

The amendments were published in February 2018 and relate to the accounting of defined benefit plans as at the time of a plan amendment, curtailment or settlement. In the future, current service cost and net interest expenses will have to be recalculated as of this time for the remaining financial year based on the actuarial assumptions used for the remeasurement. The effects are to be recognized in consolidated net income. The effects of the change in the asset ceiling must be included in other comprehensive income. The amendments are applicable for annual periods commencing on or after 1 January 2019. Early adoption is permissible. EU endorsement is still pending. The effects on the presentation of the net assets, financial position and results of operation are negligible.

Early adoption of accounting standards

No IFRS that had been issued and approved as well as endorsed by the EU but were not mandatory as of 31 December 2019 were adopted early by DF Group. Firsttime adoption is planned as of the financial year in which such adoption becomes mandatory.

Standards, interpretations and amendments that have been issued but not been applied yet

DF Group will apply the revised and new standards and interpretations as of the date at which they become effective, provided that they have been endorsed by the European Union.

First application of IFRS 17 "Insurance Contracts"

IFRS 17 was published in May 2017 and will replace IFRS 4. The standard applies to insurance and reinsurance contracts as well as to investment contracts with discretionary participation features. IFRS 17 is mandatory for financial years commencing on or after 1 January 2022. EU endorsement is still pending. The potential effects on the presentation of the net assets, financial position and results of operation are still being reviewed.

Amendments to the "Conceptual Framework"

On 29 March 2018, the IASB published a revised version of the conceptual framework which is to serve as a uniform basis for the development of standards and interpretations. The revision covers in particular the measurement of assets and liabilities, guidelines for the presentation of the results of operation and adjustments to the definitions of assets and liabilities. The amendments are applicable for annual periods commencing on or after 1 January 2020.

Amendments to IFRS 3 "Business Combinations"

On 22 October 2018, an amendment of IFRS 3 concerning the definition of a business was published. The IASB has clarified that a business comprises a group of activities and assets which includes at least one input and one substantial process that together significantly contribute to the ability to produce output. With regard to services, the focus is now on the provision of goods and services to customers. The amended definition is to be applied to business combinations with an acquisition date on or after 1 January 2020. EU endorsement is still pending.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

On 31 October 2018, the IASB published amendments to IAS 1 and IAS 8 which include a uniform and more precise definition of materiality and supplement it by accompanying examples. EU endorsement is still pending. The amendments are mandatory for financial years commencing on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

The amendments provide for simplifications regarding the hedge accounting rules that apply to hedges affected by the reform of the benchmark interest rate. The amendments are mandatory for financial years commencing on or after 1 January 2020. They have no effects on the net assets, financial position and results of operation.

Amendments to IAS 1 "Presentation of Financial Statements"

The amendments include adjustments to the criteria for classifying liabilities as current or non-current. The amendments are applicable for annual periods commencing on or after 1 January 2022. The Group expects firsttime adoption to have no material effects on the presentation of the net assets, financial position and results of operation.

(3) Basis of consolidation, reporting date

The consolidated companies of DF AG are shown below. DF GmbH was initially consolidated in the financial statements for the period ended 1 July 2016. Deutsche Kapital Ltd., Dubai / UAE ("DKL") is being liquidated and was deconsolidated as of 31 December 2018. In addition, DF Deutsche Forfait Middle East s.r.o. ("DF ME"), Prague / Czech Republic, is a wholly-owned subsidiary of DF AG and was first included in the interim consolidated financial statements for the period ended 30 June 2018. The reporting date of the parent company and the subsidiaries is 31 December. The shares in equity have remained unchanged from the previous year.

Basis of consolidation	Share in equity	Consolidation
DF Deutsche Forfait AG, Gruenwald (parent company)	-	fully consolidated
DF Deutsche Forfait GmbH, Cologne	100%	fully consolidated
DF Deutsche Forfait s.r.o., Prague / Czech Republic	100%	fully consolidated
DF Deutsche Forfait Middle East s.r.o., Prague / Czech Republic	100%	fully consolidated

As in the previous period, the non-consolidated subsidiaries (see information on shareholdings under note 17) are of secondary importance for the consolidated financial statements for the period ended 31 December 2019 and do not influence the true and fair view of the net assets, financial position and results of operation presented in the consolidated financial statements.

(4) Consolidation procedures

The basis for the consolidated financial statements are the financial statements of the consolidated companies prepared as of 31 December 2019 under uniform accounting and valuation policies according to IFRS 10 "Consolidated Financial Statements".

The consolidated subsidiaries being start-ups, no differences arise from consolidation.

Intragroup receivables, liabilities, provisions, income and expenses, and profits are eliminated on consolidation.

(5) Currency translation

The consolidated financial statements are prepared in euros, the functional and report currency of the parent company, pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Since the subsidiaries carry out their business autonomously in financial, economic and organizational terms, the functional currency is essentially identical to the subsidiary's local currency. Therefore, in the consolidated financial statements, income and expenses from the financial statements of subsidiaries prepared in a foreign currency are translated into euros at the annual average rate; assets and liabilities are translated at the closing rate.

Exchange differences resulting from the translation of equity are recognized in equity in the form of an adjustment item from currency translation. The translation differences resulting from differing translation rates between the balance sheet and the statement of comprehensive income are recognized in other comprehensive income.

Foreign currency receivables and liabilities are valued at the cost of acquisition on accrual. Exchange gains and losses on the balance sheet date are shown in the income statement.

The exchange rates on which translation into euros is based correspond to the euro reference rates published by the European Central Bank and are as follows:

	Closing rate		Average rate	
	31-12-2019	31-12-2018	1-1 – 31-12 2019	1-1 – 31-12 2018
Czech koruna	25.4080	25.7240	25.6700	25.6470

(6) Accounting and valuation policies

a) Sales revenues relate to **transaction-related income**, which is composed of the following sub-items: forfaiting and commission income as well as exchange gains. Forfaiting income also includes the positive effects from the measurement of receivables at fair value through profit or loss (FVtPL). Forfaiting and commission income is realized at the time ownership is transferred or a legally binding commitment to purchase receivables is made. If this income is periodic, it is taken in on an accrual basis. Typical forfaiting risks recognized in previous periods as a value adjustment on receivables classified as loans and receivables or as obligations for forfaiting and purchase commitments are treated as income in the financial year in which the risks no longer exist. Commission income includes income from services and consulting services in connection with the processing of payment transactions as well as commissions for the sale of the creditor assets.

b) **Transaction-related expenses** include expenses which are a direct result of transaction-related income and can be individually attributed to transactions. Expenses are attributed to the periods in which they are incurred. Forfaiting expenses also include the negative effects from the fair value measurements of receivables from the forfaiting business (FVtPL).

c) **Other operating income** essentially comprises income from the fair-value adjustment of the insolvency creditor liabilities (see (6) letter p), income relating to the charging of expenses, income from general service fees for the sale of the creditor assets, income from receivables written off as well as income from the release of provisions and other liabilities.

d) **Personnel expenses, depreciation/amortization on tangible and intangible assets and other operating expenses** are recognized as expenses upon effective payment or as incurred.

e) Interest income comprises loan and bank interest as well as interest on arrears. All interest on borrowings is reported in the income statement under interest expenses. From the 2019 financial year onwards, this also includes interest expenses for leasing liabilities.

f) **Intangible assets** include software, licenses and the right to Internet domain names. Software, as an intangible asset acquired for consideration, is recognized at cost and regularly amortized using the straight-line method over its estimated useful life of three years. Depreciations are included under the position "depreciation on tangible and intangible assets" of the income statement. The acquired domain names have been recorded as assets that are not subject to amortization. No impairment test was carried out for these assets as they are of minor importance for the consolidated financial statements.

g) **Property, plant and equipment** are recognized at cost, less regular depreciation. Property, plant and equipment also includes rights of use to buildings, which – as outlined under section 2 – were measured in accordance with IFRS 16, sections 23-25. Depreciation on property, plant and equipment is calculated using the straight-line method according to the expected average useful life.

Regular depreciation is based on the following Group standard useful lives:

Useful life	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
	Years	Years
Other equipment, factory and office equipment		
- Building usage rights, IT hardware	*3-6*	*3-6*
- Cars	*4-6*	*4-6*
- Fixtures	*3-8*	*3-8*
- Tenants' installations	*5-7*	*5-7*
- Office equipment	*10-23*	*10-23*

h) **Financial assets** are recognized in accordance with the respective categories defined under IFRS 9. The Group classifies financial assets in the following categories: financial assets recognized at fair value with effect on income, financial assets recognized at fair value with no effect on income and financial assets recognized at acqusition costs carried forward. Currently, no assets are recognized at fair value with no effect on income.

Financial assets recognized at fair value through profit/loss comprise financial assets held for trading. This category comprises the receivables of the restructuring portfolio included in the creditor assets. These were initially acquired for trading for short-term resale. Changes in the fair value of financial

assets in this category are recognized in profit/loss at the time of the value increase or impairment. Attributable transaction costs are recognized in profit or loss.

The restructuring portfolio consists of overdue and legally pending receivables from various debtors. The fair value was determined – taking internal and external legal assessments into account – on the basis of the estimated prospect of successfully enforcing the pending claims.

The trading portfolio comprises receivables from current operations up to the opening of the insolvency proceedings. As successful collection of the receivables is currently not very likely, their fair value as of 31 December 2019 is kEUR 30 (previous year: kEUR 0).

The Group derecognizes a financial asset when the contractual rights relating to the cash flows expire or when the rights to receive the cash flows from a transaction are transferred in the context of a transaction in which all material benefits and risks associated with this financial asset are transferred as well (IFRS 9 paragraph 3.2.3, paragraph 3.2.6).

Regular assessments are carried out according to IFRS 9 "Financial Instruments" to determine whether there is objective evidence of a financial asset or a portfolio of financial assets being impaired. After testing for impairment, any impairment for expected loan losses is recognized.

A financial asset not recognized at fair value through profit/loss, including an interest in an enterprise, is tested for impairment at every balance sheet date (IFRS 9 paragraph 5.5). A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset.

The following may be objective evidence that a financial asset is impaired:

- default or delinquency of a debtor
- indications that the debtor will enter bankruptcy or other financial reorganization
- adverse changes in the payment status of borrowers or issuers
- decrease in the estimated future cash flows due to adverse economic conditions that correlate with defaults

In addition, a significant or prolonged decline in the fair value below the cost of acquisition constitutes objective evidence of impairment. The Group considers a decline by 20% to be significant and a period of six months to be prolonged.

The Group assesses indications of the impairment of a financial asset measured at amortized cost both individually for each financial asset and collectively. All assets that are individually significant are tested for individual impairment. Those assets that are not individually impaired are collectively tested for impairment which has already occurred but still needs to be identified. Assets that are not individually significant are collectively tested for impairment. When assessing collective impairment, the Group considers historical trends in the probabilities of default, the timing of payments and the amount of the losses incurred.

The amount of the impairment of a financial asset, which is subsequently recognized using the effective interest method, is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

i) **Other current assets** are loans and receivables recognized at amortized cost using the effective interest method.

j) **Cash and cash equivalents** are reported in the balance sheet at face value. The item includes cash on hand and bank deposits with a maturity of up to three months.

k) **Deferred tax assets and liabilities** are determined according to IAS 12 "Income Taxes" using the liability method based on the balance sheet date for all temporary differences between the tax basis and IFRS measurements. Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled.

Deferred tax assets for the carryforward of unused tax losses are recognized only to the extent that sufficient taxable temporary differences exist against which the deductible temporary differences and tax losses can be utilized. Above and beyond this, deferred tax assets are recognized to the extent that sufficient taxable results can be generated in the coming financial years (IAS 12.24 et seq., IAS 12.34).

l) With regard to changes in **equity**, please refer to the separate consolidated statement of changes in equity.

m) **Pension obligations** include defined contribution and defined benefit plans.

The obligations for defined benefit plans are measured using the projected unit credit method in accordance with IAS 19 "Employee Benefits". Pension obligations are counterbalanced by the asset value of reinsurance on the opposite side. Reinsurance claims are pledged to the plan beneficiaries.

The insurance is recognized at plan assets, as it is irrevocably available for benefit purposes only, even in the event of company insolvency (qualified insurance policy). The present value of the covered obligation is limited by the value of the plan assets.

The value of the pension obligation and the fair value of reinsurance are offset. Under IAS 19, actuarial gains and losses must be immediately and fully recognized in other comprehensive income. Past service cost must be directly recognized in profit or loss in the year in which it is incurred.

IAS 19 (revised 2011) only allows a typifying return on plan assets equivalent to the discount rate applied to the pension obligations at the beginning of the period. Expenses for contribution-based pension plans are recorded as expenditures when the employees have performed their work.

n) **Provisions** are recognized as a present obligation (legal or constructive) to a third party as a result of a past event when it is probable that an outflow of resources will be required and a reliable estimate can be made of the requisite amount of the provision. These are measured at full cost.

o) **Financial liabilities** are initially recognized at fair value, which is usually equivalent to the cost of acquisition. Transaction costs are also considered. Subsequently, all liabilities are measured at amortized cost. At DF Group, these are usually short-term liabilities, which are therefore carried at the repayment amount. DF Group has no liabilities held for trading. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Leases are measured at the present value of the lease payments not yet made (IFRS 16 section 26). The obligations are recognized as current liabilities if the lease payments are due within 12 months; the present value of the other lease payments is shown under non-current liabilities. Leases of current and low-value assets are not recognized in accordance with IFRS 16.

p) The **creditor liabilities** are measured at fair value, as it has been laid down in the insolvency plan that these liabilities are to be repaid using the cash flow from existing receivables. The fair values resulting from the fair value measurement of the trading and restructuring portfolio, together with the fair values of the other creditor assets, determine the value of the creditor liabilities (see note 33, Information regarding the fair value). Where the fair value of the receivables was lower or higher than that of the liabilities as at the reporting date, the latter were adjusted through profit/loss.

The creditor liabilities are classified as financial liabilities “at fair value through profit or loss” (IFRS 9 paragraph 4.2.1 f.) upon initial recognition, i.e. at the time the insolvency plan became final.

Significant estimates and assumptions used in accounting

The preparation of the consolidated financial statements to IFRS requires assumptions to be made and estimates to be used which have an effect on the assets and liabilities, income and expenses and contingent liabilities shown in the balance sheet both in terms of amount and reporting. The assumptions and estimates that relate to the unified group stipulation of useful lives, the valuation of pension obligations, the measurement of receivables at fair value and the accounting for and measurement of rights of use, leasing liabilities and provisions are regarded as immaterial for the consolidated financial statements. In isolated cases, the actual values may deviate from the assumptions and estimates made. Changes are included in income at the point in time when more accurate information becomes available.

The determination of the fair values of the receivables of the restructuring and trading portfolio included in the creditor assets requires assumptions regarding the country and counterparty risks which are mostly based on the circumstances prevailing as at the balance sheet date. An increase in these risks does not lead to negative effects from the fair value measurement on consolidated equity capital and consolidated net income, given that the fair value of the creditor liabilities would be reduced by the same amount due to the situation described above.

II. NOTES TO THE INCOME STATEMENT

(7) Transaction-related income

Portfolio income earned in the period, trading income (the difference between amortized cost / fair value and the sales price of a receivable) and the positive effects from the fair value measurement of receivables of the trading and restructuring portfolio are recorded as forfaiting income.

Forfaiting income in the amount of kEUR 31 (previous year: kEUR 330) results from the fair value measurement.

Commission income mainly results from consulting services and services in the area of payment transactions. Commission income includes marketing income (agent's commissions) in the amount of kEUR 8,827 (previous year: kEUR 0), income from compliance consulting services in the amount of kEUR 1,636 (previous year: kEUR 1,366) as well as income from services provided in connection with the processing of payment transactions for clients in the Middle East region in the amount of kEUR 1,531 (previous year: kEUR 965). Most of this income was generated with an external customer. This item also includes income from collection activities in the amount of kEUR 56 (previous year: kEUR 49) generated in Germany.

(8) Transaction-related expenses

Forfaiting expenses are incurred where the sales price realized is lower than the carrying amount and negative effects result from the fair value measurement.

As in the financial year 2018, the forfaiting expenses in the financial year 2019 resulted exclusively from the negative effect of the fair value measurement of the creditor assets.

Commission expenses are causally related to the corresponding income. Commission expenses mainly result from brokerage services provided for DF Group.

(9) Balance of transaction-related income and expenses (gross result)

Gross result is the difference between transaction-related income and expenses.

Gross result in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Net forfaiting	(399)	(1,842)
Net commission	11,479	2,100
Result from exchange gains and losses	18	332
Total	**11,098**	**590**

(10) Other operating income

Other operating income breaks down as follows:

Other operating income in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Income from the allocation of charges	357	796
Income from reimbursements / compensation / settlements	338	77
Income from the fair value measurement of creditor liabilities	105	1,548
Income from fees for the sale of the creditor assets	75	100
Income from the reversal of other liabilities	6	325
Income from VAT refund claims	-	133
Income from already written-off receivables / compensation	-	77
Income from group allocation	-	18
Miscellaneous other operating income	33	13
Total	**914**	**3,010**

The income from the fair value measurement of the creditor receivables is based on the adjustment through profit/loss of the liabilities to the fair value of the creditor assets. Income of kEUR 330 was generated from a court case that was concluded with a settlement. Income from the allocation of charges almost entirely relates to legal expenses incurred in conjunction with the sale of the creditor assets.

(11) Personnel expenses

Personnel expenses break down as follows:

Personnel expenses in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Salaries	2,259	1,988
Total salaries	**2,259**	**1,988**
Social security contributions	140	137
Pensions	162	160
Other social security expenses	10	9
Total social security expenses	**312**	**306**
Total	**2,571**	**2,294**

Pension expenses include contributions to state pension providers in the amount of kEUR 121 (financial year 2018: kEUR 118) as well as to defined contribution plans in the amount of kEUR 41 (financial year 2018: kEUR 42).

(12) Depreciation on tangible and intangible assets

Systematic depreciation/amortization breaks down as follows (as in the previous period, no write-downs for impairments were required):

Depreciation on tangible and intangible assets in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Amortization of intangible assets	42	40
Depreciation of tangible assets	129	41
- thereof of rights of use	*96*	-
Total	**171**	**81**

The assets underlying the rights of use relate exclusively to buildings.

(13) Other operating expenses

Other operating expenses break down as follows:

Other operating expenses in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Legal and consultation fees, accounting expenses	1,088	1,207
Employee severance payments	490	-
Administrative expenses / cooperation partners	273	98
Adjustment creditor liabilities	254	100
Insurance, fees, contributions	192	234
Investor relations, AGM	143	178
Travel expenses	121	90
Cost of premises	105	209
Payment transaction fees	55	92
Telephone, postage and web connection charges	21	28
Other taxes	30	15
Miscellaneous other expenses	538	778
Total	**3,313**	**3,029**

Legal and consultation fees as well as accounting expenses mainly include consulting costs incurred in conjunction with the sale of the creditor assets, expenses for annual and quarterly audits as well as for legal and tax advice.

In the reporting period, the development of the creditor assets due to the trustee or creditors led to an adjustment of kEUR 254 in the corresponding liability position of the creditor liabilities, after taking into account the effects of the fair value measurement in previous years.

Following the first-time adoption of the amended IFRS 16, the cost of premises mainly comprises incidental and cleaning costs.

Other operating expenses include expenses for short-term leases and leases for low-value assets amounting to kEUR 23.

Miscellaneous other expenses mainly include expenses for rights of use and IT equipment (kEUR 130; previous year: kEUR 92), a fine for the delayed publication of the interim financial report 2018 (kEUR 152) and the compensation of the members of the Supervisory Board (kEUR 78; previous year: kEUR 78).

(14) Financial result

The financial result breaks down as follows:

Financial result in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Interest income from banks		-
Interest income from loans and receivables		-
Other interest income	25	-
Total interest income	25	-
Interest expenses payable to banks	99	10
- thereof from refinancing the forfaiting business	*-*	*-*
- thereof from interest on overdraft	*-*	*1*
- thereof other interest	*99*	*9*
Miscellaneous interest expenses	24	18
- thereof from leasing liabilities	*2*	*-*
- thereof other interest	*-*	*18*
Total interest expenses	123	28
Net interest = financial result	**(98)**	**(28)**

Interest income results from VAT refund claims for 2016 and 2017. Interest expenses in the reporting period in particular include negative interest charged by banks for credit balances.

(15) Income tax

Deferred tax assets from temporary differences may not be recognized if it is not sufficiently probable that taxable results will be available against which the deductible temporary differences can be utilized (IAS 12.27). Deferred tax assets resulting from losses carried forward are recognized in the income statement (IAS 12.56) to the extent that temporary differences in the same amount are available against which the unused

tax losses can be utilized. The income generated by the Group in the reporting period essentially results from DF GmbH, an entity to which the operating activities of DF AG were transferred with retro-active effect from 31 December 2015. DF GmbH's losses carried forward as of 31 December 2018 were fully offset against DF GmbH's net income in the reporting period. Consequently, no deferred tax assets were reported as of 31 December 2019. The reported income tax liability of kEUR 1,041 (previous year: kEUR 0) stems from the results achieved by DF GmbH and DF ME in the reporting period.

According to the official statement issued by the Cologne-Mitte tax authority on 25 April 2016, the profit of the first short financial year 2016 resulting from the receivables waivers of the creditors of DF AG is to be treated as tax-advantaged restructuring profit, with the consequence that the restructuring profit is initially offset against current losses and/or existing loss-carryforwards. If the existing loss-carryforwards are insufficient, the tax on the remaining restructuring profit is to be deferred with the aim of later tax abatement. As a result, the restructuring profit will not cause any tax liability. The tax loss-carryforwards that remain after offsetting against the restructuring profit can be used for tax purposes if all the conditions are met as 'continuance-bound' loss-carryforwards (fortführungsgebundener Verlustvortrag) due to the capital increase effected in July 2016 in conjunction with the investment by a majority shareholder. Following the change of shareholder, DF AG incurred losses in the reporting period of which it cannot be assumed with sufficient probability that taxable results will be available against which the deductible temporary differences can be utilized. This is due to the fact that DF AG's modified business model will allow the company to generate income only from the sale of the creditor assets as well as from investments. After consultation with the competent authorities, DF AG recognized a tax liability (kEUR 350) on the restructuring profit in the short financial year 2016 II as a precaution, as the City of Cologne has denied the tax advantage regarding trade tax so far.

As of 31 December 2019, there were corporation tax loss-carryforwards for DF AG (without consideration of the loss carryforwards linked to continued operations) in the amount of kEUR 3,874 (previous year: kEUR 2,830) and trade tax loss-carryforwards in the amount of kEUR 3,874 (previous year: kEUR 4,238). In addition the temporary differences on trade tax and corporation tax amount to kEUR 129 (previous year: kEUR 14 each) . As a result of the circumstances described above, deferred tax assets were not recognized for the loss carryforwards or temporary differences, or were recognized only in the amount of the deferred taxes to be recognized. If all the conditions are met, it will be possible to use continuing loss carryforwards in the amount of EUR 23,771 for corporate income tax and EUR 23,748 for trade tax.

Group income taxes break down as follows:

Income tax in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Income tax expenses of the current year	1,085	113
Adjustments for previous years	-	-
Current tax expenses	1,085	113
Deferred taxes from temporary differences	7	(194)
Deferred taxes in the context of tax loss carried forward	1,517	-
Deferred taxes	1,524	(194)
Total	**2,609**	**(81)**

Deferred taxes are calculated on the basis of tax rates which apply or are expected to apply under prevailing law in the particular countries when the asset is realized or the liability is settled. In Germany, the standard rate of corporation tax is 15.0%. Taking into consideration a solidarity surcharge of 5.5% on top of corporation tax and an average effective trade income tax rate of approximately 16.5%, this results in a tax rate of approximately 32.5% for domestic companies, which is the same as in the previous year. This tax rate was uniformly applied across the reporting period to calculate domestic deferred tax effects. The tax effects of foreign companies were of secondary importance throughout the reporting period and were therefore ignored. The currency conversion difference from the recognition of economically independent foreign units would give rise to income tax assets worth kEUR 53 (previous year: kEUR 58) if realized.

The status of deferred tax assets and liabilities as of 31 December 2019 is detailed in the table below:

Allocation of deferred tax assets and liabilities in kEUR	**Assets**		**Liabilities**	
	31-12-2019	**31-12-2018**	**31-12-2019**	**31-12-2018**
Investment	-	7	-	-
Pension obligations	-	-	3	2
Tax loss carryforward	27	1,517	-	-
Other liabilities	-	2	24	-
Total	27	1,526	27	2
Offsetting	(27)	(2)	(27)	(2)
Balance sheet value	**-**	**1,524**	**-**	**-**

With respect to the value of deferred tax assets, care was taken to only recognize amounts which are at least highly likely to be realized. This estimate takes into account all positive and negative factors affecting a sufficiently high income in the future. The estimate may change depending on future developments.

Tax reconciliation in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Profit before income tax	5,858	(1,833)
Nominal tax rate	32.5%	32.5%
Expected tax expense / income	**1,904**	**(596)**
Non-deductible expenses	190	44
Tax effects from previous periods	11	24
Tax effects from changes in value adjustments of deferred tax assets and the use of tax loss carryforwards	637	487
Effects from deviating local tax rates	(133)	(43)
Other tax effects	-	3
Income tax	**2,609**	**(81)**

III. NOTES TO THE BALANCE SHEET

(16) Intangible assets and tangible assets

The breakdown of the fixed asset items and their movement in the reporting period are shown in the consolidated fixed assets schedule. Because of the capitalization of the rights of use, the first-time adoption of IFRS 16 (section 2 of the notes to the consolidated financial statements) results in an increase in property, plant and equipment as the present value of all future lease payments. The related expenses are reflected in the amortization of the rights of use.

in Euro	**Intangible assets** (Rights, software)	**Tangible assets** (Rights of use for buildings, other equipment, factory and office equipment)	**Total**
Acquisition costs			
As of 1 January 2018	331,684.62	862,915.74	1,194,600.36
Additions	16,680.96	33,558.66	50,239.62
Disposals	25,341.77	27,934.45	53,276.22
Currency translation differences	350.44	426.25	776.69
As of 31 December 2018	**323,374.25**	**868,966.20**	**1,192,340.45**
As of 1 January 2019	323,374.25	868,966.20	1,192,340.45
Additions	0.00	416,131.39	416,131.39
thereof rights of use for buildings	*0.00*	*401,428.96*	*401,428.96*
Disposals	0.00	0.00	0.00
Currency translation differences	150.17	45.05	195.22
As of 31 December 2019	**323,524.42**	**1,285,142.64**	**1,608,667.06**
Depreciation/Amortization			
As of 1 January 2018	183,097.05	767,290.09	950,387.14
Additions	40,661.54	40,745.66	81,407.20
Disposals	24,771.07	27,086.87	51,857.94
Currency translation differences	365.90	413.32	779.22
As of 31 December 2018	**199,353.42**	**781,362.20**	**980,715.62**
As of 1 January 2019	199,353.42	781,362.20	980,715.62
Additions	41,901.35	128,749.10	170,650.45
thereof rights of use for buildings	*0.00*	*95,856.96*	*95,856.96*
Disposals	0.00	0.00	0.00
Currency translation differences	91.64	6.26	97.90
As of 31 December 2019	**241,346.41**	**910,117.56**	**1,151,463.97**
Carrying amounts			
As of 1 January 2018	148,587.57	95,625.65	244,213.22
As of 31 December 2018	**124,020.83**	**87,604.00**	**211,624.83**
As of 31 December 2019	**82,178.01**	**375,025.08**	**457,203.09**
thereof rights of use for buildings	*0.00*	*305,572.00*	*305,572.00*

(17) Long-term financial assets

Non-current financial assets include shares in non-consolidated affiliated companies in the amount of kEUR 10 (previous year: kEUR 10). These are assigned to the "at fair value through profit or loss" category.

All these entities were founded by the company itself and their cost of acquisition corresponds to the paid-up capital. Non-current financial assets also include rent deposits in the amount of kEUR 33 (previous year: kEUR 31) for the offices used by DF Group.

No quoted prices in an active market exist for the shares in non-consolidated entities and the fair value cannot be reliably determined. After deconsolidation, the value of the investment in DKL was recognized at the amount of the expected return flows.

(18) Trade receivables

Trade receivables in the amount of kEUR 742 (previous year: kEUR 439) are valued at amortized cost and essentially due from an important customer. The receivables result from services already fully provided in connection with the processing of payment transactions. They were settled in January 2020 as agreed. Value adjustments were not necessary.

(19) Other current assets

Other current assets break down as follows:

Current assets in kEUR	**31-12-2019**	**31-12-2018**
Tax receivables	396	697
Prepaid expenses	154	129
Receivables from affiliated companies	72	108
Receivable from trustee	57	43
Miscellaneous other assets	43	16
Total	**722**	**993**
thereof financial assets	156	157
thereof non-financial assets	566	836

Tax receivables relate to value-added tax for 2018 and 2019. The receivables from affiliated companies comprise claims of the parent company and the consolidated subsidiaries against non-consolidated subsidiaries.

The receivable from trustee relates to commission claims against the trustee in conjunction with the sale of the creditor assets.

(20) Cash and cash equivalents

Cash and cash equivalents amounted to kEUR 24,669 (previous year: kEUR 3,554) and related to bank deposits with a maturity of up to three months.

(21) Equity

Changes in the equity of DF Group are reported in the statement of changes in equity.

Subscribed capital

The share capital of the Group is fully paid in and, as in the previous year, amounted to EUR 11,887,483.00 as at the balance sheet date. It is, also unchanged compared to the previous year, divided into 11,887,483 no-par registered shares.

In accordance with the insolvency plan adopted and confirmed by the court on 29 April 2016, which became final on 20 May 2016, a cash capital increase by up to kEUR 7,500 and a capital increase against contributions in kind by up to kEUR 4,022 were laid down. In the context of the capital increase against contributions in kind, the subscribers of the failed 2015 cash capital increase were able to transfer their respective restitution claims to the company in the form of contributions in kind. Shareholders' subscription rights were excluded for both equity measures. The issue price of the new shares issued in the context of the capital increase against contributions in kind and the cash capital increase was equivalent to the par value of EUR 1.00. The cash capital increase was effected in the amount of kEUR 7,500 and the capital increase against contributions in kind was effected in the amount of kEUR 3,707 and both were entered in the Commercial Register on 6 July 2016.

Costs of the cash capital increase and the capital increase against contributions in kind

The costs incurred in conjunction with the cash capital increase and the capital increase against contributions in kind in the total amount of kEUR 623 are to be recognized in equity and to be deducted from the amount of the capital increase and were therefore offset against equity.

Revenue reserves

Revenue reserves consist of profits generated in the past by the companies included in the consolidated financial statements, unless distributed or increased by withdrawals from the capital reserve.

Adjustment item from currency translation

This item shows the differences in other comprehensive income arising from foreign currency translation of the financial statements of foreign subsidiaries through equity in the form of an adjustment item from currency translation. The item is negative and reduced the reported equity in the reporting year by kEUR 162 (previous year: kEUR 179). The change in the item amounted to kEUR 17 in the reporting period, primarily resulting from the currency translation of the financial statements of the fully consolidated Czech subsidiary DF Deutsche Forfait s.r.o.

Earnings per share

Earnings per share are based on the average number of common shares issued and outstanding in the reporting period (11,887,483, unchanged from previous year) and amounted to EUR 0.27 (basic and diluted) compared to EUR -0.15 in the financial year 2018. No equity instruments with a potentially dilutive effect have been issued.

Authorized capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to increase the share capital by 6 July 2021 once or several times by a total of up to EUR 5,900,000.00 against cash contributions and/or contributions in kind (including mixed contributions in kind) by issuing up to 5,900,000 new registered shares (authorized capital 2016); in this context, the Board of Management is also authorized to schedule the commencement of the profit participation at a date other than the date provided for by law. As a general rule, the shareholders must be granted a subscription right. The new shares may also be taken over by one or several banks selected by the Board of Management with the obligation to offer them to the shareholders (indirect subscription right). However, the Board of Management is authorized, subject to approval by the Supervisory Board, to exclude shareholders' subscription rights in the following cases: (1) to avoid fractional amounts; (2) in a capital increase against cash contributions if the issue price of the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) is not materially lower than the stock market price and the new shares issued in an ex-rights issue pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG) do not exceed 10% of the share capital neither at the time the authorization becomes effective nor at the time it is exercised; this 10% limit also covers shares that were or are to be issued during the period of this authorization under exclusion of subscription rights due to other authorizations in direct or corresponding application of Section 186 (3) sentence 4 of the Stock Corporation Act (AktG); (3) in a capital increase against contributions in kind, especially for the purpose of the acquisition of a company, parts of a company, an equity investment in a company or other material assets; (4) to grant the holders of warrants and/or convertible bonds or bonds with option rights a subscription right to the extent that they would be entitled to such right after exercising a conversion or option right or meeting a

conversion obligation as a shareholder; (5) to issue employee shares to employees of DF AG and of affiliated companies; and (6) to serve option rights that grant the right to subscribe a total of no more than 100,000 shares in the company and that are issued by the Board of Management to distribution partners of the company with the consent of the Supervisory Board.

Conditional capital

By resolution of the Annual General Meeting on 6 July 2016, the Board of Management was authorized, subject to approval by the Supervisory Board, to issue bearer warrant and/or convertible bonds with a total nominal value of up to EUR 50,000,000.00 in one or several tranches until 6 July 2021 and to grant holders or creditors of warrant bonds option rights and holders or creditors of convertible bonds conversion rights on new registered shares of no par value of the company up to a pro-rata share in share capital totaling up to EUR 4,720,000.00. The warrant and/or convertible bonds (collectively referred to as "bonds" and individually referred to as "notes") may be issued in euros as well as in the legal currency of an OECD country, limited to the corresponding value in euros. They may also be issued by direct or indirect majority shareholdings of DF Deutsche Forfait AG. In this case, the Board of Management will be authorized, subject to approval by the Supervisory Board, to issue a guarantee on behalf of the company for the bonds and to issue the holders of such bonds with option/conversion rights on new shares of DF Deutsche Forfait AG. For this purpose, the company's share capital has been conditionally increased by up to EUR 4,720,000.00 through the issue of up to 4,720,000 new registered shares (conditional capital 2016/I).

The Annual General Meeting of 6 July 2016 has authorized the Board of Management and the Supervisory Board to issue subscription rights to shares in the company (option rights), once or several times, by 6 July 2021, in order to allow the persons defined in Section 192 (2) No. 3 of the Stock Corporation Act (AktG) to acquire an interest in the company. The Board of Management will be authorized, with the consent of the Supervisory Board, to stipulate the details of the type and issue of the option rights in a stock option plan ("2016 stock option plan"). If option rights are to be issued to the Board of Management of the company, the decision on the issue and the stipulation of further details are at the sole discretion of the Supervisory Board. The company's share capital will be conditionally increased by up to EUR 1,180,000.00 through the issue of up to 1,180,000 new registered shares (conditional capital 2016/II). The conditional capital increase shall be executed only to the extent that the holders of option rights from the 2016 stock option plan, which may be granted by the company by 6 July 2021 on the basis of the authorization granted by the Annual General Meeting of 6 July 2016, exercise their rights to subscribe shares in the company and the company does not serve the subscription rights by delivering treasury shares. The new shares shall be entitled to profit as of the beginning of the financial year in which they are created through the exercise of option rights.

The Board of Management shall be authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of the conditional capital increase, unless option rights are to be issued to members of the Board of Management; in this case, the Supervisory Board shall stipulate the further details of the execution of the conditional capital increase.

Right to purchase own shares

The Annual General Meeting of 6 July 2016 decided the following authorization to buy and sell treasury shares:

a) The company is authorized to buy up to 1,180,000 treasury shares by 6 July 2021. The shares must be purchased on the stock market. The purchase price (excluding incidental purchase costs) paid by the company must not exceed or fall short of the price of the company share in XETRA trading (or a similar successor system) determined at the first auction of the trading day at the Frankfurt Stock Exchange by more than 10%.

b) The shares can be acquired directly by the company or by third parties authorized by the company in one or several stages within the limits of the above-mentioned restrictions. The shares can be acquired for any legally permissible reason, especially for one of the purposes mentioned under letters c), d), e), f) and g) below. If they are used for one or several of the purposes mentioned under letters c), d), e) or f), shareholders' subscription right shall be excluded.

c) The Board of Management shall be authorized to sell the treasury shares acquired as a result of the above-mentioned authorization outside the stock exchange or by offering them to all shareholders on the condition that they are sold in exchange for cash and at a price which does not fall significantly below the company's share price at the time of sale.

   This authorization is restricted to shares with a notional interest in the share capital which must not exceed a total of 10% of the share capital, neither on the effective date of this authorization nor – if lower – on the date this authorization is executed. The maximum threshold of 10% of the share capital is reduced by the amount of subscribed capital which applies to shares that are issued as part of a capital increase during the term of this authorization, under exclusion of the purchase right pursuant to Section 186 (3) sentence 4 of the Stock Corporation Act (AktG). The maximum threshold of 10% of the share capital is also reduced by the amount of share capital relating to shares that will be issued for serving warrant bonds and/or convertible bonds, if these bonds are issued during the term of this authorization under exclusion of the purchase right and in accordance with Section 186 (3) sentence 4 of the Stock Corporation Act (AktG).

d) The Board of Management shall be authorized to transfer the treasury shares acquired as a result of the above-mentioned authorization to third parties if this serves the purpose of acquiring companies, parts of companies, investments in companies or other assets, or carrying out company mergers.

e) The Board of Management shall be authorized to offer and transfer the treasury shares acquired as a result of the above-mentioned authorization to the holders of subscription rights to fulfill the company's obligations arising from the 2016 stock option plan. If treasury shares are to be transferred to members of the company's Board of Management, this shall be decided by the Supervisory Board.

f) The Board of Management shall be authorized to use the treasury shares acquired as a result of the above-mentioned authorization to fulfill the company's obligations arising from convertible and/or warrant bonds issued by the company, especially to fulfill the obligations from convertible and/or warrant bonds issued because of the authorization.

g) The Board of Management shall be authorized to recall the treasury shares acquired as a result of the above-mentioned authorization without requiring any further resolution by the Annual General Meeting. The shares can be recalled without reducing capital by adjusting the notional interest of the remaining no-par value shares in the parent company's share capital.

h) The Board of Management shall be entitled to exercise the authorizations under letters c), d), e), f) and g) only with the consent of the Supervisory Board. In the event of letter g), the Supervisory Board shall be authorized to adjust the number of shares in the Memorandum of Association. The Supervisory Board is also authorized to stipulate that the Board of Management is only authorized to act with the Supervisory Board's approval in line with the resolution of the Annual General Meeting.

i) The authorization to purchase and use own shares granted by the Annual General Meeting on 10 June 2015 shall be revoked.

(22) Pension obligations

Pension obligations comprise obligations from expectancies in accordance with IAS 19 "Employee Benefits". In addition, there are contribution-based pension plans with the state pension insurance fund and with BVV Versorgungskasse des Bankgewerbes e.V., which are serviced from current contribution payments.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management. According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. The company's obligation consists of providing the active employees with their committed benefits. The benefit plan is externally financed by means of reinsurance whose guaranteed benefits correspond to the pension commitments, which means that risks of the type described in IAS 19.139b are not discernible. The 2018 G tables of Professor Klaus Heubeck were used for the calculations.

In addition to assumptions regarding life expectancy, the following factors play a role in the calculation:

Actuarial assumptions in %	**31-12-2019**	**31-12-2018**
Discount rate	1.30	2.05
Inflation rate	1.00	1.00
Pension growth rate	1.00	1.00

The diagrams below illustrate the changes in the present value of entitlements for pension obligations and plan assets:

Changes/reconciliation in the accumulated benefit obligation in kEUR	**31-12-2019**	**31-12-2018**
Accumulated benefit obligation as of 1 January	715	704
Current service cost	-	-
Interest paid	15	14
Expected pension payments	(3)	(2)
Actuarial loss (gain)	81	(3)
thereof accounted for by changes in financial assumptions	*80*	*(13)*
thereof accounted for by changes in demographic assumptions	-	*9*
thereof accounted for by experience-based assumptions	*1*	*1*
Accumulated benefit obligation as of 31 December	**811**	**715**

Changes in plan assets in kEUR	**31-12-2019**	**31-12-2018**
Fair value of plan assets as of 1 January	715	704
Typifying investment income	15	14
Income from plan assets	81	(3)
Value of plan assets as of 31 December	**811**	**715**

The tables below show the deviations between actuarial assumptions and actual developments ("asset ceiling") in the reconciliation and over a 6-year period:

Changes/reconciliation in the asset ceiling effect in kEUR	**31-12-2019**	**31-12-2018**
Accumulated benefit obligation as of 31 December	(811)	(715)
Fair value of plan assets as of 31 December	811	715
Asset ceiling effect as of 31 December	-	-
Actuarial (gains) losses from ABO	81	(3)
Profit (loss) from plan assets	(81)	3
Asset ceiling effect as of 31 December	**-**	**-**

In accordance with IAS 19.115, the fair value of the congruent reinsurance policy is equated with the present value of the pension obligations. The balance of the asset value of plan assets totaling kEUR 811 (previous year: kEUR 715) and the liability value of the obligation of kEUR 811 (previous year: kEUR 715) is shown. As in the previous period, the plan assets did not exceed the liability value of the obligation as at the reporting date. The amount shown in the balance sheet was calculated as follows:

Calculation of the net amount shown in the balance sheet in kEUR	**31-12-2019**	**31-12-2018**
Accumulated benefit obligation	(811)	(715)
Fair value of the pension plan assets	811	715
Asset ceiling effect	-	-
	0	**0**

Actuarial gains or losses may result from increases or reductions in either the present value of the defined benefit plan or the fair value of plan assets; possible reasons for these differences include changes in the calculation parameters and estimate revisions concerning the risk trend of pension obligations and deviations between the actual and expected return on the qualified insurance policies. Actuarial gains and losses should be recognized in other comprehensive income. As they were offset against each other, they were not recognized. As of 31 December 2019, a discount rate that differs by +0.5% results in interest expenses of kEUR 14 and an accumulated benefit obligation of kEUR 757 and a discount rate that differs by -0.5% results in interest expenses of kEUR 7 and an accumulated benefit obligation of kEUR 871.

The defined benefit plans incurred the following expenditure, which breaks down into the following components:

Expenditure on defined benefit pension plans in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Current service cost	-	-
Interest expense	15	14
Interest income from plan assets	(15)	(14)
Interest on asset ceiling effect	-	-
Recognized in the income statement	**0**	**0**

Components of other comprehensive income (OCI) in kEUR	**31-12-2019**	**31-12-2018**
Actuarial losses (gains)	81	(3)
Interest income from plan assets	(81)	3
Changes in the asset ceiling effect	-	-
Recognition in other comprehensive income	**0**	**0**

During each reporting period, the net value amounted to EUR 0.00, since the increase in pension obligations was matched by an increase in plan assets. Based on a duration of the obligations of 14.3 years (previous year: 14.8 years), pension payments in the amount of kEUR 3 are expected for the following period under the pension benefit plans that existed as of 31 December 2019.

(23) Long-term liabilities

Non-current liabilities result from a loan of EUR 15.0 million valued at amortized cost that the majoriy shareholder of DF AG provided to the subsidiary DF GmbH and from the proportionate leasing liabilities of kEUR 212 recognised at present value.

(24) Trade accounts payable

The table below shows the composition of the trade accounts payable:

Trade accounts payable in kEUR	**31-12-2019**	**31-12-2018**
Liabilities from services received	144	118
Deferred liabilities	197	113
Other liabilities	2	6
Total	**343**	**237**

(25) Other current debt

Other current liabilities include the following individual items:

Other current debt in kEUR	**31-12-2019**	**31-12-2018**
Liabilities to employees	663	6
Accounting and audit expenses	154	160
Lease liability	96	-
Liabilities towards affiliated companies	56	54
Holiday pay	44	59
Other tax liabilities	40	44
Interest liabilities	24	-
Liabilities from duties and premiums	2	2
Obligations towards trustee	-	400
Miscellaneous other liabilities	13	9
Other current debt	**1.092**	**734**
thereof financial liabilities	1.052	690
thereof non-financial liabilities	40	44

Liabilities to employees mainly result from severance and bonus claims. The lease liability results from the adoption of IFRS 16 (section 2 of the notes to the consolidated financial statements). Other tax liabilities relate to payable wage tax.

The obligation towards the trustee reported in the previous year was settled in the reporting year.

(26) Creditor assets and creditor liabilities

The **creditor assets** comprise the full estate of the company. The distributable estate essentially consists of receivables from forfaiting business prior to the insolvency, comprising the trading and restructuring portfolios, and is composed as follows:

Creditor assets in kEUR	**31-12-2019**	**31-12-2018**
Restructuring portfolio	841	5,896
Trading portfolio	30	-
Bank balances	125	201
Total	**996**	**6,187**

With regard to the trading portfolio that relates to receivables from current forfaiting transactions up to the opening of the insolvency proceedings, DF Group currently expects to receive payments in the amount shown. The restructuring portfolio relates to overdue and legally pending receivables from various debtors. The reduction in the restructuring and trading portfolio is essentially due to fair value adjustments and to the payout of the funds received in the context of the sale of the trading and restructuring portfolio. The expected legal expenses have been assigned to the creditor liabilities for a better and more clearly structured presentation.

The creditor liabilities are liabilities filed with the insolvency table. The value of the liabilities consequently results from the creditors' partial waiver declared in the context of the insolvency plan, taking into account the banks' senior position laid down in the collateral realization agreement ("Sicherheitenverwertungsabrede") in the short financial year 2016 II.

In addition, the creditor liabilities include current provisions for expected legal expenses in the amount of kEUR 350 (previous year: kEUR 455). The development in the reporting period is shown as follows:

Creditor liabilities in kEUR	
As of 01-01-2019	6,187
Payment to the trustee	-5,604
Utilization of short-term provisions	-110
Outstanding reimbursement claims	279
Expenses from the fair-value valuation of creditor liabilities	254
As per 31-12-2019	**996**

The reductions in creditor liabilities through payout to the trustee and/or offsetting against counter-claims relate to both the payments intended for distribution to the creditors and to the legal expenses and other expenses incurred in conjunction with the sale of the creditor assets that are chargeable to the creditors.

According to the insolvency plan, the liabilities that remain after the creditors' partial waiver will be settled exclusively to the extent that, and at such times when, DF AG's assets existing at the time of the official adoption of the insolvency plan are liquidated. Under the regulations of the insolvency plan, all opportunities and risks resulting from the liquidation of the creditor assets thus pass to the creditors. This means that the creditor liabilities may at no time exceed the creditor assets. To avoid an accounting mismatch, the creditor liabilities are recognized at the fair value resulting from the change in the value of the assets (IFRS 9 paragraph 4.2.2). In the reporting period, this resulted in a change in value through profit/loss of kEUR 254 (previous year: kEUR 1,548).

IV. OTHER INFORMATION

(27) Tenancies and leases

As of 31 December 2018, the following minimum future lease payments existed based on operating lease contracts that cannot be cancelled (IAS 17.35):

Operating leases in kEUR	Maturity			Total
	<1 year	1-5 years	>5 years	
31-12-2018				
For office space	153	-	-	153
For office equipment	-	-	-	-
Total	**153**	**-**	**-**	**153**

Minimum lease payments of kEUR 136 were recognized as expenses in the financial year 2018. As of the 2019 financial year, the regulations of IFRS 16 will apply (see also Note 2).

(28) Employees

The average number of staff employed with the Group (excluding the Board of Management) is shown in the following table. The item "other/internal administration" also includes student assistants.

Number of employees	1-1 – 31-12-2019	1-1 – 31-12-2018
Salaried employees	**24**	**26**
of which in trade/sales	5	4
of which in contract management	4	4
of which in controlling/accounting	5	6
of which in other/internal administration	10	12

Internal administration also comprises the employees who are responsible for compliance and the sale of the creditor assets.

(29) Other financial obligations

As in the previous year, the Group made no forfaiting and purchase commitments as of 31 December 2019, which means that it has no other financial obligations.

(30) Total fee of the auditor

The following fees were incurred for the services provided by auditors Warth & Klein Grant Thornton AG for the period from 1 January to 31 December 2019.

Auditing fees in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Audits	162	147
Other audit services	-	-
Miscellaneous services	-	5
Total fee	**162**	**152**

(31) Relationships with related parties

According to IAS 24 "Related Party Disclosures", persons or companies controlling DF Group or controlled by it must be disclosed unless they are already included in the consolidated financial statements of DF Group as consolidated companies. Control is deemed to exist if one shareholder holds more than half of the voting rights of DF AG or is empowered by the Memorandum of Association or a contractual agreement to steer the financial and company policies of the management of DF Group.

In addition, under IAS 24, the disclosure requirement extends to business with entities which exercise significant influence over the financial and company policies of DF Group, including close family members and intermediaries. Significant influence on the financial and company policies of DF Group can be based on a shareholding in DF Group of 20% or more or a seat on the Board of Management or the Supervisory Board of DF Deutsche Forfait AG.

As in the prior period, DF Group is affected by the disclosure requirements of IAS 24 solely in terms of business with entities with a significant influence as well as with members of the management in key positions (Board of Management and Supervisory Board) of DF AG. The Board of Management, the Supervisory Board and non-consolidated subsidiaries are considered to be related parties as at the balance sheet date.

Due to his share ownership, Dr. Shahab Manzouri is a person with substantial influence. In February 2019, Dr. Manzouri granted DF GmbH a loan of EUR 15.0 million with a minimum term of three years, which bears interest at the 12-month EURIBOR plus 1.0% and minus any credit fees (negative interest). In the reporting period, DF GmbH expensed interest on the loan in the amount of kEUR 24 and reported it as other current liabilities as of 31 December 2019. A total of EUR 45,024 was outstanding on the balance sheet date.

Mr Hans-Joachim von Wartenberg worked as a consultant for DF Group until 30 November 2019 and invoiced fees of kEUR 175 on an arm's length basis in the reporting period.

Consultancy fees of kEUR 10 were incurred for Dr. Ludolf von Wartenberg in the reporting period on an arm's length basis.

As in the previous year, business relationships with the non-consolidated subsidiaries were negligible in the financial year 2019.

The Board of Management was composed as follows in the financial year from 1 January to 31 December 2019:

Board of Management	Position
Dr. Behrooz Abdolvand	Chairman of the Board of Management since 1 November 2017
Hans-Joachim von Wartenberg	Board member since 1 December 2019
Christoph Charpentier	Board member until 30 November 2019
Gabriele Krämer	Board member until 30 November 2019

Compensation for members of the Board of Management which is due in the short term breaks down as follows:

Management compensation in kEUR	**Dr. B. Abdolvand**	**H.-J. von Wartenberg**	**C. Charpentier**	**G. Krämer**
1-1 – 31-12-2019				
Fixed salary	213	15	165	165
Other compensation	26	1	24	23
Variable compensation	154	13	190	230
Total	**393**	**29**	**379**	**418**
1-1 – 31-12-2018				
Fixed salary	183	-	180	180
Other compensation	25	-	25	25
Variable compensation	-	-	-	-
Total	**209**		**205**	**205**

With regard to the compensation for the reporting period, balances of kEUR 587 were outstanding as at the balance sheet date.

Pension commitments in the form of defined benefit plans exist for three former members of the Board of Management (Ms Attawar, resigned with effect from 31 December 2015, Mr Franke, resigned with effect from 30 September 2013, and Mr Wippermann, resigned with effect from 24 February 2014). According to the benefit plans, benefits are payable when a member of the Board of Management passes away or retires due to age. Mr Franke will receive a capital payment in this case. In contrast, Ms Attawar and Mr Wippermann have the right to choose an annuity or a capital payment. No more premiums have been paid since November 2012 due to the contractually agreed expiry of the contribution periods.

According to these pension benefit plans, the above members of the Board of Management receive a guaranteed old age pension from DF AG. The amounts are as follows:

- Ms Marina Attawar: Annuity of EUR 11,022.60 or a one-time capital payment of EUR 202,518.00
- Mr Ulrich Wippermann: Annuity of EUR 20,964.48 or a one-time capital payment of EUR 338,278.00
- Mr Jochen Franke: One-time capital payment of EUR 147,244.00

In addition, Ms Marina Attawar receives the following payments from a reinsured benevolent fund:

- Insured annuity in the amount of EUR 15,247.40 or a capital payment of EUR 273,572.00

Based on a deferred compensation agreement with the members of the Board of Management, contributions from DF Deutsche Forfait AG were paid to the insurance providers mentioned above.

As in the previous period, no post-employment benefits were paid in the financial year from 1 January to 31 December 2019 in conjunction with the above pension commitments.

No share-based compensation and other long-term benefits are granted by the company.

The short-term compensation for members of the Supervisory Board breaks down as follows:

Supervisory Board compensation in kEUR	**1-1 – 31-12-2019**	**1-1 – 31-12-2018**
Fixed compensation	69	70
Attendance remuneration	9	8
VAT	15	13
Total	**93**	**91**

(32) Notifications pursuant to Sections 21 (1) and 22 of the Securities Trading Act (WpHG)

DF AG has received the following notifications pursuant to the Securities Trading Act (WpHG):

- Dr. Shahab Manzouri, London, Great Britain, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 12 July 2016 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, 25%, 30%, 50% and 70% on 6 July 2016 and amounted to 79.14% (which corresponds to 9,408,170 voting rights) on that date.

- Mr Frank Hock, Pullach, notified us in accordance with Section 21 (1) of the Securities Trading Act (WpHG) on 28 June 2018 that his voting interest in DF Deutsche Forfait AG, Hirtenweg 14, 82031 Grünwald, Germany dropped below the threshold of 3% on 25 June 2018 and amounted to 2.97% (which corresponds to 353,134 voting rights) on that date. 2.97% of these voting rights are assigned to him through Hock Capital Management GmbH, while a share of 0.00% is held by Mr Frank Hock.

(33) Financial instruments

Use and management of financial instruments

The starting point for the risk management of financial instruments involves capturing all risks systematically and regularly and assessing them for loss potential and the probability of occurrence. Market risk and most of all default risk have been identified as significant risks for financial instruments.

Liquidity risk

The cash flow projections are prepared at the level of the operating companies and pooled in the Group. Management monitors the permanent forward planning of the Group's liquidity reserve to ensure that sufficient liquidity is available to cover the operating requirements. On the basis of current account statements, a daily liquidity plan is prepared for the Group, DF AG, DF GmbH, DF s.r.o. and DF ME. The plan comprises the incoming and outgoing payments from the operating activities as well as the planned administrative and refinancing costs. Cash planning takes place on a daily basis for the next one to two weeks, on a weekly basis for the next three months and on a monthly basis thereafter.

The maturity structure of the short-term financial liabilities is as follows:

Short-term financial liabilities in kEUR	**31-12-2019**	**31-12-2018**
up to 1 month	387	246
over 1 month to 3 months	340	58
over 3 months to 6 months	611	215
over 6 months to 12 months	57	409
Total	**1,395**	**928**

The financial liabilities shown comprise trade accounts payable in the amount of kEUR 343 (previous year: kEUR 238) and other current liabilities in the amount of kEUR 1.052 (previous year: kEUR 690). The increase in the "1 to 3 months" and "3 to 6 months" maturity ranges is mainly attributable to severance and bonus obligations.

Non-current financial liabilities due in more than one year amounted to kEUR 15,212 as of 31 December (previous year kEUR 0) and include a loan of EUR 15.0 million as well as the portion of the leasing obligation classified as non-current of kEUR 212.

All financial liabilities are covered by cash at banks.

According to the agreements in the insolvency plan, all creditor liabilities, which represent by far the biggest portion of the liabilities, are of a short-term nature and are to be settled successively exclusively to the extent that DF Group's creditor assets are liquidated.

Default risk

Default risk is subdivided into country and counterparty risk. Countries undergo an assessment on the basis of analyses by credit assessment agencies. Credit assessments are carried out for individual receivables (credit reports/references, evaluation of historical data, etc.). The taking of country and counterparty risks is managed by a competence arrangement with a limit system. The competence arrangement as well as country and counterparty limits are approved by the Supervisory Board and the degree to which the limits are used is reported to it regularly. DF Group reduces this risk even further by selling the receivables rapidly. Moreover, country and counterparty risks are secured (e.g. bank guarantees) where this is possible and makes economic sense.

A presentation of the carrying amount and the default risk of the creditor assets is not relevant, as, according to the final insolvency plan, DF Group does not participate in the opportunities and risks from the liquidation of the creditor assets.

As at the balance sheet date of 31 December 2019 – just like in the previous year – there were no receivables from forfaiting transactions from new business that is not available for distribution to the insolvency creditors. The trade receivables shown in the amount of kEUR 742 result from services provided in connection with the processing of payment transactions and were settled in the short term. As with other current and non-current financial assets (Notes 17 and 19), the default risk here is limited to the respective carrying amount.

In the context of risk management, default risks resulting from transactions that are not available for distribution to the insolvency creditors are actively managed primarily using country and counterparty limits.

Market risk (including interest rate risk and currency risk)

Receivables are typically purchased at discounted nominal value. This discount on the market value is calculated on the basis of the money and capital market interest rate for the equivalent term (e.g. 1-year LIBOR) plus risk margin. The margin reflects the individual risk of each transaction, which mainly depends on country and counterparty risks.

As DF Group focuses on reselling receivables, interest rate risk mainly consists of market risk. This is due to the fact that, if the interest rate rises up to the sale of a receivable, so too does the discount on the market value, which is calculated up to the final date of maturity of the receivable, thereby reducing the market value of the receivable. A market price risk exists during the time the receivables remain in the company's portfolio. Since the forfaiting business has become considerably less important - DF Group does not show any receivables and liabilities in connection with the operative forfaiting business as at 31 December - interest rate and market price risks are currently insignificant.

In the income statement, the foreign exchange gains and losses relating to the creditor assets and the corresponding creditor liabilitiesare reported separately. Due to the separate valuation, large exchange gains and losses are recognized which, however, are to be considered in a netted manner for the assessment of the currency risk.

DF Group does not participate in the opportunities and risks resulting therefrom. The market risk of the other assets and liabilities is considered to be of minor importance.

Information regarding the fair value pursuant to IFRS 7 and IFRS 13

A number of accounting methods and disclosures of the Group require the determination of the fair values of financial and non-financial assets and liabilities. For measurement and/or disclosure purposes, the fair values were determined on the basis of the methods described below.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

According to the measurement method, financial instruments to be measured at fair value are categorized at three levels as outlined below:

- **Level 1** (IFRS 13.76): quoted prices in active markets (unadjusted) for identical assets or liabilities;
- **Level 2** (IFRS 13.81): inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability;
- **Level 3** (IFRS 13.86): unobservable inputs for the asset or liability. An asset or liability should be assigned to Level 3 already if there is only one unobservable input factor that significantly influences the measurement, such as debtorrelated local potential for conflicts and the estimated period needed to collect the receivable.

No market/transaction prices are available for trade receivables ("at amortized cost" category) as at the effective measurement days and no representative alternative prices can be determined or observed. As the forfaiting business is based on individual transactions, market prices can be determined with sufficient measurement certainty only for the agreed settlement date (purchase and sale) with the contractually agreed terms and conditions. To avoid the influence of accidental or arbitrarily defined measurement parameters, the Group measures trade receivables at amortized cost using the effective interest method and considering potential value adjustments.

Creditor assets (receivables of the restructuring portfolio) are measured at fair value through profit or loss (FVtPL). The estimated prospect of successfully enforcing the pending claims is also taken into account for this measurement. The changes in the receivables of the restructuring portfolio and the trading portfolio relate to compensation in the amount of kEUR 4,709 (previous period: kEUR 1,086) and to fair value changes in the amount of kEUR 483 (previous period: kEUR 1,975).

For current receivables and liabilities (e.g. current accounts), the carrying amount is recognized as the fair value.

No fair values are determined for non-listed equity instruments (shares in non-consolidated affiliated companies), as no active market exists for these financial instruments and the required estimates cannot be made within acceptable fluctuation margins and adequate probabilities. These financial instruments are therefore recognized at cost including required depreciation.

Measurement processes

With regard to the restructuring and trading portfolio (creditor assets), DF Group believes that amortized cost represents a basis for measurement which reflects the future income potential up to maturity even if the receivable cannot be sold before the end of the term. The Group therefore considers the value determined at amortized cost to also represent the (approximate) fair value. Besides amortized cost, fair value measurement is also available for receivables of the restructuring and trading portfolio which are subject to individual or country value adjustments. These value adjustments are based on institutional investor's current country rating where country value adjustments are concerned and on the individual assessment of the legal situation of DF Group and/or the financial situation of the creditor where individual value adjustments are concerned.

The Group is of the opinion that, irrespective of the classification in accordance with IFRS 9 paragraph 4.1.2 or paragraph 4.1.2A, the method applied to determine the fair value of receivables (amortized cost using the effective interest method) is suitable and that there are no sufficient reasons to give up this method. As at the reporting date of 31 December 2019, no receivables from the operating forfaiting business were recognized.

Value information on financial instruments

The following table contains the presentation of the book values of the financial instruments (IAS 7.6), which are compared with their fair values (IFRS 7.25) as well as their evaluation categories (at amortized cost - AC, at fair value through profit and loss - FVtPL).

Book values of financial instruments in kEUR	**Evaluation category**	**Book value 31-12-2012**	**Fair value 31-12-2019**	**Book value 31-12-2018**	**Fair value 31-12-2018**
Assets					
Shares in non-consolidated affiliated companies	FVtPL	10	10	10	10
Creditor assets	FVtPL	996	996	187	187
Trade accounts receivables	AC	742	742	439	439
Other short-term assets	AC	156	156	157	157
Cash and cash equivalents funds	AC	24,669	24,669	3,554	3,554
Liabilities					
Loans	AC	15,000	15,000	-	-
Leasing obligations	AC	212	212	-	-
Creditor liabilities	FVtPL	996	996	187	187
Trade accounts and other payables	AC	343	343	237	237
Other short-term liabilities	AC	1,052	1,052	690	690

Capital management

The primary goal of the capital management activities of DF Group is to provide sufficient investment resources for the future operating business at all times. The dynamic debt ratio, which is the ratio of net financial debt to operating profit before depreciation and amortization, serves as a benchmark. Cash and cash equivalents (kEUR 24,669) and current financial assets (kEUR 1,052) are offset by interest-bearing liabilities (kEUR 15,212) as well as current liabilities (kEUR 2,826). The net financial debt as of 31 December 2019 is a positive amount of kEUR 7,683, so that a debt ratio cannot be determined. The creditor assets and liabilities are not taken into account for the reasons already mentioned. DF Group's capital management activities are handled centrally by the parent company.

As of 31 December 2019, DF Group's equity capital amounted to EUR 8.6 million (previous year: EUR 5.3 million). The insolvency creditor liabilities amounted to EUR 1.0 million (previous year: EUR 6.2 million) and represented 5,2% (previous year: 81%) of the debt capital. As of 31 December 2019, DF Group had a loan of EUR 15.0 million and no credit lines with banks. No external minimum capital requirements exist.

(34) Notes to the cash flow statement

The cash flow statement shows how cash and cash equivalents of DF Group changed in the course of the reporting period as a result of cash inflows and outflows. In accordance with IAS 7 "Cash Flow Statements", cash flows are classified into operating, investing and financing activities. A reconciliation of cash and cash equivalents in the balance sheet complements the cash flow statement.

The funds reported in the cash flow statement encompass all the cash and cash equivalents shown in the balance sheet, i.e. cash on hand and deposits with banks accessible within three months.

Cash flows from investing and financing activities are determined on a cash basis. By contrast, cash flows from operating activities are indirectly derived from the consolidated result. Under indirect calculation, the relevant changes in balance sheet items connected with operating activities are adjusted by effects from currency translation. In the reporting year, liabilities from financing activities increased by EUR 15 million due to the loan provided by the majority shareholder and the cash flow from financing activities.

The cash flow statement includes payments for leases in the 2019 financial year amounting to kEUR 96.

(35) Adjusting events after the end of the financial year

In an ad hoc announcement dated 17 March 2020, DF AG announced that Ms Bianca Engel will resign from office as member of the Supervisory Board with effect from 16 April 2020.

By order of the Munich Local Court (Register Court) of 21 April 2020, Dr. Gerd-Rudolf Wehling was appointed as a member of the Supervisory Board of DF AG at the request of the Board of Managementand the company.

In its notice of 16 January 2020, the Cologne-Mitte tax authority informed DF AG that it has set the trade tax assessment base for the 2016 assessment period at EUR 0.00. The trade tax assessment notice for 2016 of the City of Cologne is still pending. Due to the binding effect of the notice on the trade tax assessment base, DF AG will release the tax liability of kEUR 350 recognized in the balance sheet.

The outbreak and spread of the novel corona virus has serious global implications, including economic and financial ones. At the time of preparation of this report, it was not yet possible to adequately assess the potential adverse effects of the outbreak of the corona virus on both the Company and the target region for our business activities. In its business with Iran, DF Group focuses on the areas of food and medicine as well as medical products, which are largely exempt from the sanctions provisions. However, demand for these products is expected to remain high even in difficult economic times and even during the corona pandemic, as these humanitarian goods, especially medicines and medical products for corona patients, are essential for the basic provision of the population. According to the current assessment of the Management Board, the positive development in cooperation with key business partners is therefore expected to continue in 2020, and transactions in the food and medical sectors can continue to be carried out in the target region.

Gruenwald, 29 April 2020

The Board of Management

INDEPENDENT AUDITOR'S REPORT

To DF Deutsche Forfait AG, Grünwald

Report on the audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of DF Deutsche Forfait AG, Grünwald, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of equity changes for the financial year from 1 January 2019 to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report which is combined with the management report of DF Deutsche Forfait AG, Grünwald, (referred to subsequently as "group management report") for the financial year from 1 January 2019 to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the Corporate Governance Statement pursuant to Section 289f and Section 315d HGB [Handelsgesetzbuch: German Commercial Code] referred to in section (4) of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019 and of its profit and loss for the financial year from 1 January 2019 to 31 December 2019, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the above mentioned Corporate Governance Statement referred to in the group management report.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2019 to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

Our presentation of the key audit matter has been structured as follows:

1. Financial statement risk
2. Audit approach
3. Reference to related disclosures

Valuation of the restructuring portfolio

1. Financial Statement Risk

As of 31 December 2019, all assets which exclusively serve to satisfy the filed insolvency liabilities according to the insolvency plan set up on 29 April 2016 are accounted for under „creditor assets" in the Group Financial Statements of DF Deutsche Forfait AG. In addition to the liquid funds intended for distribution to the insolvency creditors, this item includes overdue and legally pending receivables from various debtors. The receivables in the so-called restructuring portfolio amount to a carrying amount of KEUR 757 as of 31 December 2019. Receivables are recognised in income at fair value. The fair value was determined – taking internal and external legal assessments into account – on the basis of the estimated prospect of successfully enforcing the pending claims.

The result of this assessment mainly depends on the estimation concerning the result of the pending lawsuit made by the Board of Management of the Group and is therefore subject to a high estimation uncertainty. From our point of view, this was of particular importance for our audit due to the high estimation uncertainty.

2. Audit Approach

As part of our audit of the valuation of the restructuring portfolio, we reperformed the process of the valuation of the restructuring portfolio. Furthermore, we assessed fair values of the individual receivables of the restructuring portfolio – taking internal and external legal assessments into account – on the basis of the estimated prospect of successfully enforcing the pending claims. In this regard, we considered the internal documentation for the respective debtors, and interviewed the Board of Management as well as the employee responsible for the restructuring portfolio. In addition, we obtained legal confirmations of the responsible lawyers. We assessed the estimation of the likelihood of success made by the Board of Management based on these assessments.

3. Reference to Related Disclosures

The disclosures relating to the valuation of the restructuring portfolio are included in section (6) „Accounting and valuation policies – Financial assets" of the notes to the consolidated financial statements.

Other Information

The Board of Management or the Supervisory Board, as applicable, are responsible for the other information. The other information comprises:

- the Corporate Governance Statement pursuant to Section 289f and Section 315d HGB,
- the affirmation of the legal representatives pursuant to section 297 paragraph 2 clause 4 and section 315 paragraph 1 clause 5 HGB, and
- the remaining parts of the annual report 2019 with the exception of the audited group financial statements, the audited parts of the combined management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The Board of Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the Board of Management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Board of Management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW)

will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.

- Conclude on the appropriateness of the Board of Management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the Board of Management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 5 July 2019. We were engaged by the Supervisory Board on 11 December 2019. We have been the group auditor of DF Deutsche Forfait AG, Grünwald, without interruption since the financial year 2014.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Andreas Schuster.

München Düsseldorf, 29. April 2020

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Andreas Schuster
Wirtschaftsprüfer	Wirtschaftsprüfer

RESPONSIBILITY STATEMENT BY THE BOARD OF MANAGEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and the profit or loss of the Group. The group management report includes a fair review of the business development and the position of the Group together with the principal opportunities and risks associated with the expected development of the Group.

29 April 2020
The Board of Management

SUPERVISORY BOARD REPORT

Dear Shareholders,

The financial year 2019 saw DF Group return to profitability. At EUR 3.2 million, the Group generated the best consolidated result since the financial year 2009 thanks to a product portfolio that is geared to customer needs as well as a clear strategic focus.

Supervisory Board activity report

In the financial year 2019, the Supervisory Board continuously monitored the business performance of DF Deutsche Forfait AG ("DF AG" or "company") and fulfilled all the tasks imposed on it by law and by the Memorandum of Association.

The Supervisory Board regularly supervised the activities of the Board of Management and provided advice. In accordance with their supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board, liaised regularly with the Board of Management. The latter kept the Supervisory Board informed of all relevant business events and strategic decisions as well as the financial position of DF Group through both written and oral reports.

Changes on the Board of Management and the Supervisory Board

The following changes in the composition of DF AG's Board of Management occurred in the financial year 2019. Ms Gabriele Krämer and Mr Christoph Charpentier resigned from the Board of Management for personal reasons and by mutual agreement with the Supervisory Board with effect from 30 November 2019. Mr Hans-Joachim von Wartenberg, lawyer, was appointed as a new member of the Board of Management with effect from 1 December 2019.

The following changes occurred on the Supervisory Board in the past financial year. At the beginning of the financial year, the Supervisory Board was composed of Mr Franz Josef Nick, Dr. Ludolf von Wartenberg and Prof. Dr. Wulf-Winrich Lapins. At the company's Annual General Meeting on 5 July 2019, Ms Bianca Engel was elected as the fourth member of the Supervisory Board of DF AG. Mr Franz Josef Nick, Chairman of the Supervisory Board, resigned from office on 8 November 2019 with effect from 12 December 2019 for personal reasons. Consequently, the Supervisory Board was composed of three members.

Supervisory Board meetings

A total of six physical meetings and one telephone conference were held in the financial year 2019. One member of the Supervisory Board was excused from attending two meetings. All other Supervisory Board meetings were attended by all members of the Supervisory Board.

Focus of Supervisory Board meetings

In the financial year 2019, the Supervisory Board primarily addressed the company's business policy development. In addition, the collection of the creditor assets was regularly discussed and other current issues were addressed.

At the Supervisory Board meeting held by telephone on 28 January 2019, Mr Franz Josef Nick was elected Chairman of the Supervisory Board. Dr. Ludolf von Wartenberg was appointed as his deputy. The Supervisory Board also addressed the granting of the loan by the majority shareholder of DF Deutsche Forfait AG to DF Deutsche Forfait GmbH.

At its meeting on 12 April 2019, the Supervisory Board adopted both the separate financial statements of DF AG for 2018 and the consolidated financial statements for 2018. The company's auditors attended the meeting and were available to answer all questions. In addition, the Supervisory Board approved the individual country limits and adopted the report of the Supervisory Board as of 31 December 2018. Decisions were also made on the declaration of conformity and the updated compliance policies.

On 4 July, 2019, the Supervisory Board addressed, among other things, the business performance and the strategic positioning of the company. Other items on the agenda included the preparation of the Annual General Meeting and the current status of the collection of the creditor assets.

At the constituent meeting of the Supervisory Board on 5 July 2019, Mr Franz Josef Nick was elected Chairman of the Supervisory Board and Dr. Ludolf von Wartenberg was elected Vice Chairman of the Supervisory Board.

At the Supervisory Board meeting on 3 September 2019, the business performance and the interim financial report for the period ended 30 June 2019 were discussed, among other things. The Supervisory Board members also consulted on DF Group's IT structure and the current status of the collection of the creditor assets. Finally, the efficiency review of the Supervisory Board was also discussed.

At the meeting on 8 November 2019, the Supervisory Board discussed DF Group's business performance and, in particular, the cost trend. Mr Franz Josef Nick resigned as Chairman of the Supervisory Board for personal reasons and announced his departure from the Supervisory Board with effect from 12 December 2019.

At the meeting on 29 November 2019, the Supervisory Board members spoke about DF Group's business performance and, in particular, the quarterly report for the period ended 30 September 2019. Furthermore, the risk manual of DF Group was discussed and the last compliance audit was presented. In addition, the Supervisory Board dealt with matters relating to the Board of Management.

Supervisory Board Committees

As the Supervisory Board is currently composed of only four members in accordance with the Memorandum of Association, it does not seem appropriate to establish committees, which is why the Supervisory Board performs its duties in plenary.

Corporate governance

The Supervisory Board remained committed to good corporate governance throughout the financial year 2019. For information on corporate governance, please refer to the Corporate Governance Report, which forms part of the Annual Report. In the financial year 2019, the declaration of conformity by the Board of Management and the Supervisory Board was published in April; the latest declaration of conformity by the Board of Management and the Supervisory Board was issued in March 2020 and has been made permanently available to the shareholders on the company's website.

Conflicts of interest

No conflicts of interest involving members of the Supervisory Board were made known to the Supervisory Board during the financial year 2019.

Financial statements 2019

At the Annual General Meeting on 5 July 2019, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, were elected auditors for the separate financial statements and the consolidated financial statements for the financial year from 1 January 2019 to 31 December 2019.

The separate financial statements and the management report for 2019 as well as the consolidated financial statements for 2019 and the Group management report of DF AG were audited by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich.

The separate financial statements, the management report, the consolidated financial statements and the Group management report for the financial year 2019 were available to all members of the Supervisory Board for detailed examination prior to the Supervisory Board meeting on 29 April 2020. At the Supervisory Board meeting on 29 April 2020, the auditors explained all relevant items of the documents. All accounting-related questions and issues were discussed in depth. Finally, the auditors confirmed their independence. Following its own in-depth examination and discussion, the Supervisory Board concurred with the result of the audit and approved the separate financial statements as well as the consolidated financial statements of DF Group on 29 April 2020. The financial statements of DF Deutsche Forfait AG were thus finalized. No objections were raised. The Supervisory Board approved the management reports and the assessment of the company's future development.

The Supervisory Board thanks the Board of Management and the employees for their work in the financial year 2019.

13 March 2020
On behalf of the Supervisory Board

Dr. Ludolf von Wartenberg
Chairman of the Supervisory Board

CORPORATE GOVERNANCE STATEMENT - CORPORATE GOVERNANCE REPORT

In this statement, DF Deutsche Forfait AG (also referred to as "DF AG" or "the company") reports on corporate governance as part of the management report in accordance with Section 289f (1) of the German Commercial Code (HGB). The Board of Management and the Supervisory Board additionally report in accordance with Section 3.10 of the German Corporate Governance Code as amended on 7 February 2017 and applicable in the financial year 2019.

The purpose of the German Corporate Governance Code is to make the rules for corporate management and supervision in Germany transparent to national and international investors in order to boost confidence in the management of German companies. The German Corporate Governance Code is of great importance for DF AG. DF AG is committed to compliance with laws and regulations, transparency and integrity and aims to be an organization in which these values are core elements of the corporate culture.

I. DECLARATION OF CONFORMITY

Declaration of conformity with the recommendations of the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) as amended on 7 February 2017 and applicable in the financial year 2019.

The company's declaration of conformity of April 2019 is published in a separate section on the website of DF AG under https://www.dfag.de/en/corporate-governance/. The same applies to the declaration of conformity issued in March 2020 for the current financial year.

II. RELEVANT INFORMATION REGARDING CORPORATE GOVERNANCE PRACTICE

DF AG aims for corporate governance that is characterized by responsibility, transparency and value creation for the shareholders. The relevant policies arise from the law, the company's Memorandum of Association and the recommendations of the German Corporate Governance Code.

Compliance with laws and ethical standards is of major importance to DF Group. In 2019, DF Group continued to update the Group-wide compliance system and adjusted it to reflect the recommendations of the German Corporate Governance Code and statutory amendments in cooperation and consultation with

external consultants. This applied, in particular to (i) sanction regulations including the maintenance of the IT systems which are used every working day to automatically check new and existing customers with regard to their appearance on sanctions lists relevant for DF Group's business; (ii) money laundering prevention; and (iii) data protection. Audits in accordance with the German Anti Money Laundering Act, including know-your-customer audits, are an integral part of the compliance system of DF Group, as are the Code of Conduct and Ethics for the Employees of DF Deutsche Forfait AG and its Subsidiaries and the Whistleblower System of DF Deutsche Forfait AG and its Subsidiaries. The Code of Conduct and the Whistleblower System are published in a separate section of the website of DF AG under https://www.dfag.de/en/corporate-governance/.

III. WORK OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

Work of the Board of Management and the Supervisory Board

In accordance with applicable statutory provisions for German joint stock companies, DF AG has a dual management and supervisory structure consisting of the Board of Management and the Supervisory Board.

Board of Management

The members of the Board of Management are appointed by the Supervisory Board. They are responsible for independently managing the company with the aim of creating sustainable value to its benefit, thus taking into account the interests of its shareholders, employees and other stakeholders. The members of the Board of Management conduct the company's business with the due care of a prudent businessman in accordance with the laws, the company's Memorandum of Association and the rules of procedure issued by the Supervisory Board for the Board of Management. The cooperation between the members of the Board of Management is governed by the rules of procedure, while the responsibilities of the Board of Management members are defined in the schedule of responsibilities. The rules of procedure also contain a list of transactions for which the Board of Management requires the approval of the Supervisory Board. The Board of Management cooperates in a trusting manner with the other bodies of the company in the interest of the latter.

Supervisory Board

The Supervisory Board of DF AG advises the company's Board of Management and supervises its management activities. According to the Memorandum of Association, it is composed of four members, all of whom are elected by the Annual General Meeting. As recommended by the DCGK, the members of the Supervisory Board are elected individually.

The Supervisory Board can form committees from among its members and assign them decision-making power to the extent permitted by law. Since 15 January 2016, the tasks relating to DF AG's risk policies and risk management originally assigned to the Working Committee of the Supervisory Board have been performed by all members of the Supervisory Board. The Supervisory Board has not established an audit committee or a nomination committee. These responsibilities are currently being assumed by the Supervisory Board as a whole. As the Supervisory Board is composed of only four members according to the Memorandum of Association and was composed of only three members as of 31 December 2019 and currently still is composed of only three members, it currently does not appear to make sense to set up committees. The efficiency of the activities of such a small Supervisory Board cannot be sensibly increased further by forming committees, especially since committees would have a quorum only if they were composed of at least three members.

Close cooperation between the Board of Management and the Supervisory Board

The Board of Management and the Supervisory Board of DF AG cooperate closely and in a trusting manner to the benefit of the company. To exercise its supervisory function, the Supervisory Board, and in particular the Chairman and the Deputy Chairman of the Supervisory Board, liaise regularly with the Board of Management.

The Board of Management determines the strategic direction of the company, obtains approval from the Supervisory Board and implements strategic decisions. Transactions and corporate measures of special significance require approval from the Supervisory Board. Thanks to a regular, timely and comprehensive dialogue with the Board of Management, the Supervisory Board is at all times informed about the strategy, plans, business developments as well as the risk management and the material risk positions of the company.

IV. INFORMATION ON THE PROMOTION OF EQUAL PARTICIPATION OF WOMEN ON THE BOARD OF MANAGEMENT, THE SUPERVISORY BOARD AND IN MANAGEMENT POSITIONS

In the financial year 2019, the company's Board of Management was composed of Dr. Behrooz Abdolvand (who also served as Chairman of the Board of Management), Ms Gabriele Krämer and Mr Christoph Charpentier until 30 November 2019. Ms Gabriele Krämer and Mr Christoph Charpentier resigned from the Board of Management with effect from 30 November 2019. Mr Hans-Joachim von Wartenberg was appointed to the Board of Management with effect from 1 December 2019. No other changes occurred on the Board of Management during the financial year from 1 January to 31 December 2019.

Since 1 December 2019, the Board of Management has thus been composed of Dr. Behrooz Abdolvand (also Chairman of the Board of Management) and Mr Hans-Joachim von Wartenberg.

Until 30 November 2019, the Board of Management had three members, with a share of women of 33.3%; since 1 December 2019, it has consisted of two members with a share of women of 0%. According to a resolution dated 13 March 2020, the Supervisory Board defined a target of 33% for the share of women on the Board of Management until 31 December 2020. This target figure exceeds the current level.

As of 31 December 2019, the Supervisory Board was composed of three members, namely Dr. Ludolf von Wartenberg (Deputy Chairman), Prof. Dr. Wulf-W. Lapins and Ms Bianca Engel. The Supervisory Board currently consists of three members, i.e. Dr. Ludolf von Wartenberg (Chairman of the Supervisory Board), Prof. Dr. Wulf-W. Lapins (Vice Chairman of the Supervisory Board) and Dr. Gerd-Rudolf Wehling, who was appointed by court order on 21 April 2020 at the request of the Management Board. Ms Bianca Engel was elected to the Supervisory Board by the Annual General Meeting on 5 July 2019 and resigned from the Supervisory Board in March 2020 with effect from 16 April 2020. With effect from 12 December 2019, Mr Franz Josef Nick, the former Chairman of the Supervisory Board who was in office in the financial year 2019 until 8 November, resigned from the Supervisory Board. On 8 November 2019, the Vice Chairman of the Supervisory Board, Dr. Ludolf von Wartenberg, took over as Chairman of the Supervisory Board until the election of a new Chairman on 13 March 2020. No other personnel changes occurred during the financial year from 1 January to 31 December 2019.

In the financial year 2019, the share of women on the Supervisory Board was thus 0% until 4 July 2019, 25% from 5 July 2019 to 12 December 2019, 33.3% from 13 December 2019 to 31 December 2019; it currently stands at 0%.

According to a resolution dated 13 March 2020, the Supervisory Board defined a target of 25% for the share of women on the Supervisory Board to be achieved by 31 December 2020. Diversity is taken into account in the composition of the Supervisory Board, but the company primarily attaches importance to the experience, skills and knowledge of each individual member. The Supervisory Board is of the opinion that the consideration of further criteria would unreasonably limit the choice of candidates for a Supervisory Board which, according to the Memorandum of Association, consists of only four members.

As the company's operations were outsourced to DF Deutsche Forfait GmbH in August 2016, there are currently no managers and executives below the Board of Management at DF AG. Thus, DF AG currently has no management level below the Board of Management. On 13 November 2019, the latter therefore decided not to define a target for the share of women at the two management levels below the Board of Management until 31 December 2021.

V. OTHER CORPORATE GOVERNANCE INFORMATION

Transparent communication

DF AG aims for open and transparent communication with its shareholders, bondholders and other investors. All dates of special interest to shareholders and bondholders are found on the company website, including publication dates for annual and interim reports. Additional information relates, for instance, to reportable securities transactions pursuant to Regulation (EC) No. 596/2014 on Market Abuse (Market Abuse Regulation), ad hoc announcements and press releases.

Efficiency audit

The regular audit regarding the efficiency of the Supervisory Board represents an important pillar of good corporate governance. The German Corporate Governance Code stipulates in Section 5.6 that the Supervisory Board shall "regularly check the efficiency of its actions". To do this, a questionnaire tailored to the special characteristics of DF AG has been developed. The questionnaire is regularly sent to the members of the Supervisory Board. The results of this survey are then discussed at a Supervisory Board meeting. The questionnaire primarily encompasses organizational processes in the Supervisory Board, the timely and sufficient supply of information to the Supervisory Board as well as personnel-related questions. The efficiency audit was performed at the meeting on 3 September 2019.

Risk management, accounting and auditing, compliance

On the one hand, the risk management system established by the company serves to diversify risks and to limit them in accordance with the company's risk-bearing capacity, primarily in order to avoid losses and jeopardizing the company's continued existence. On the other hand, risks shall be identified at an early stage in order to avoid them to the extent possible or to at least initiate counter-measures. The risk management system is reviewed and refined regularly and adjusted to changing conditions on an ongoing basis.

The consolidated financial statements of DF Group are prepared in accordance with International Financial Reporting Standards (IFRS), such as they have been endorsed by the European Union, as well as with Section 315e of the German Commercial Code (HGB). The separate financial statements of DF AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, were elected auditors and Group auditors for the financial year 2019 by the Annual General Meeting held on 5 July 2019 and appointed by the Supervisory Board. Prior to the appointment, the Supervisory Board ensured that the relationships between the auditors and the company or its institutions do not give reason to doubt the independence

of the auditors. Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Munich, audited the separate financial statements and the consolidated financial statements for the financial year from 1 January to 31 December 2019.

Compensation of the Board of Management and the Supervisory Board

The compensation report of the consolidated financial statements provides a detailed presentation of the fundamental structure of the compensation of the Board of Management and the Supervisory Board and discloses the compensation received by the individual members of the Board of Management in accordance with statutory requirements. The compensation report is part of the audited consolidated financial statements for the financial year 2019.

Shareholdings and reportable transactions of the Board of Management and the Supervisory Board

Shareholdings of members of the Board of Management

As of 31 December 2019, the members of the Board of Management held the following shares:
As of 31 December 2019, the members of the Board of Management who were in office during the financial year directly or indirectly held only a small number of shares in the company, in total less than 0.1% of the shares of DF AG. The members of the Board of Management who were in office on 31 December 2019 did not directly or indirectly hold any shares in the company as of 31 December 2019.

In an ad hoc announcement dated 18 September 2019, DF AG informed that the company's CEO, Dr. Behrooz Abdolvand, had informed the company that on that day he had signed a memorandum of understanding regarding a possible acquisition of the majority of the share capital and voting rights of the company from the current majority shareholder of DF Deutsche Forfait AG, Dr. Shahab Manzouri, who at that time held 79.14% of the share capital and voting rights of the company; he also informed that the details of the transaction structure had not yet been finally clarified and that the acquisition of the shares was still subject to the signing of legally binding agreements. On 21 April 2020 DF AG released an ad hoc announcement stating that the Chairman of the Management Board, Dr. Behrooz Abdolvand, had informed the company that the negotiations concerning his intended acquisition of the majority of the share capital and the voting rights from the current majority shareholder of DF AG, Dr. Shahab Manzouri, have not resulted in an agreement and have been terminated.

Shareholdings of members of the Supervisory Board

As of 31 December 2019, the members of the Supervisory Board held the following shares:
As of 31 December 2019, the members of the Supervisory Board who were in office during the financial year directly or indirectly held only a small number of shares in the company, in total less than 0.1% of the shares of DF AG.

Reportable transactions

According to Section 19 of the Market Abuse Regulation (MAR), the members of the Board of Management and the Supervisory Board are obliged to notify DF AG and the competent supervisory authority of the purchase or sale of shares in DF AG made by themselves or by closely associated persons. Transactions reported to DF AG according to Section 19 of the Market Abuse Regulation (MAR) are published on the DF AG website at www.dfag.de under "Corporate Governance" in the "Investor Relations" section.

Other information

With a view to avoiding potential conflicts of interest and the number of independent Supervisory Board members, the Supervisory Board has set itself the objective that – taking the ownership structure into account – at least half of the Supervisory Board members should be independent. The Supervisory Board assessed the independence of its members in accordance with No. 5.4.2 of the German Corporate Governance Code (as amended in February 2017). In the financial year 2019, the Supervisory Board considered all of its current members to be independent. The Supervisory Board continues to regard all members of the Supervisory Board as independent, although there is a family relationship between a member of the Board of Management and a member of the Supervisory Board.

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